

**CAL EXPO RENEWAL PROJECT
CALIFORNIA EXPOSITION & STATE FAIR**

Positioning Cal Expo Site to Obtain Highest Returns

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**Prepared for:
California Exposition & State Fair
Board of Directors**

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CHAPTER I

EXECUTIVE SUMMARY

PURPOSE

The purpose of this report is to summarize the findings derived from completion of the Task 1 scope of work. As described the recommendations presented below are based on the work completed including:

- evaluation of physical site conditions;
- cost estimating of flood mitigation measures identified for redevelopment;
- estimates of the supportable base land values from would-be buyers/developers;
- preparation of a revised conceptual plan for redevelopment of the existing Cal Expo site;
- identification of a land use entitlement processing and approval approach for the development of private non-fair uses;
- identification of potential approaches for funding predevelopment activities and infrastructure improvements; and
- identification of implementation, marketing, and disposition strategy for portions of the Cal Expo site designated for non-fair uses.

A key purpose of the work and the land value asset enhancement process is to reduce risks and uncertainty with respect to site conditions, market responsiveness and financially feasible land use opportunities, regulatory approvals and governance issues.

PREFERRED CAL EXPO RENEWAL CONCEPT PLAN

A preferred conceptual development plan (see Figures 1 and 2 below) has been identified. This concept plan shows land uses for:

- (1) potential development opportunities for non-fair portions of the site; and
- (2) a layout for potential physical improvements to the existing Cal Expo site and facility that will create opportunities to increase revenue-producing activities for Cal Expo.

Based on estimated flood storage-related costs identified as the result of the site due diligence the original conceptual land plan has been modified to:

- (1) address the required flood mitigation in the most cost-effective manner available; and
- (2) to increase the marketability of the land allocated for non-fair uses.

ESTIMATED OBTAINABLE BASE VALUE

The currently estimated cost of \$6 million for flood mitigation make up nearly 10 percent of the estimated supportable base land value of approximately \$63.7 million. This results in an estimate of obtainable base value after considering the potential impact of flood mitigation measures of \$57.6 million.

The estimated obtainable land value for the residential component does not factor in revenues potentially attributable to lot premiums, options, and upgrades; nor does it consider the possibility for obtainable prices and values to increase over time. To the extent that the initial phases of residential development are successful and improve the appeal of the site as a housing location, the land values supported by latter stages of residential development will increase. The value the incremental sales revenues from lot premiums, options, and upgrades add to the supportable land value along with future increases in market prices should be captured for Cal Expo through price participation provisions. A phased disposition program that conveys land during robust markets will also benefit Cal Expo from appreciation due to the enhancement of the locational image of the neighborhood from the initial development.

The net base obtainable land value estimate does not reflect the potential for incorporating significant institutional or commercial uses into the non-fair land use mix. To the extent this potential can be realized, it is likely that the site would include less residential uses. The initial indications are that the institutional or commercial uses may be able to support a higher obtainable land value and a faster rate of land absorption than residential uses.

CONFIRMED PLAN APPEALS TO DEVELOPER / RETAILER / INSTITUTIONAL INTERESTS

The results of the test marketing confirm the reasonableness of the initial estimates of obtainable land value and the potential for value enhancement as the economy and real estate space market and capital markets improve. Developers expressed considerable interest in responding to a solicitation to purchase and develop the identified uses. Representatives of retailers indicated considerable interest in locating at the site. An institutional user expressed strong interest in considering the site.

RECOMMENDED POLICY DIRECTION

Based on the input and policy direction of the Cal Expo Board of Directors on June 24, 2011 the consulting team recommends the following strategic actions to the Cal Expo Board of Directors.

Conceptual Plan for Redevelopment of Overall Existing Cal Expo Site

- Endorse the recommended conceptual plan for redevelopment of the overall existing Cal Expo site as indicated in Figure 1 below.

Fairgrounds Redevelopment Plan

- Endorse the recommended conceptual plan for redevelopment of the fairgrounds core area (approximately 230 acres) of the existing Cal Expo site as indicated in Figure 2

below, including upgrade / modernization, expansion or replacement of existing facilities and development of new facilities on a long-term incremental, phased basis when the demand for land-value-increasing uses will support the improvements.

Role of Cal Expo Board of Directors

- The role of the Cal Expo Board of Directors is that of a “steward of the land”. Cal Expo will direct and manage the enhancement of the land designated for private non-fair development including land positioning, marketing, and entitlement through disposition (via sale or lease) to selected private sector entities. The land stewardship role does not extend to actual financing or development of such private non-fair development or uses.

Land Use Entitlement Approach

- Pursue implementation of the proposed land use entitlement and governance approach outlined in Chapter VI of this report, including any State legislation needed to provide Cal Expo with the authority to implement the proposed approach. The proposed implementation approach is (through the State Fair Leasing Authority and Cal Expo Board of Directors) to retain authority for land use and development decisions related to proposed public and private non-fair development consistent with a master development plan (“Cal Expo Master Development Plan”). This authority would include purview and decision-making related to implementation of the Cal Expo Master Development Plan, including predevelopment matters such as environmental review, land use/entitlements, and disposition of property for private non-fair development.
- Completing the planning, engineering, traffic, engineering, and environmental studies needed to prepare the Cal Expo Master Development Plan and obtaining approval of the Cal Expo Master Development Plan and certification of the appropriate environmental review will help reduce the risk prior to closing that final planning approvals will be delayed (or include burdensome conditions that render planned uses infeasible).

Marketing and Property Disposition Strategy

- Prepare and implement the proposed disposition program, including solicitation materials, outlined in Chapter VII of this report. Utilize a competitive negotiation process that allows Cal Expo to consider a buyer’s price and ability to contribute to the preparation of the Cal Expo Master Development Plan (consistent with the redevelopment guidelines and framework) to create the highest and best use development using a policy criterion of “highest and most certain return.”
- Utilize the recommended marketing disposition program to combine the previously completed market research, and ongoing pre-solicitation planning and preliminary entitlement processing (including changing the existing zoning on the portions of the Cal Expo property designated for private use from public use) to reduce risks to both the buyer(s) and Cal Expo.

- The proposed marketing disposition program for buyers intending to develop retail, commercial and residential uses may encompass advertising, a web site, and most important, focused telephone and in-person calls to and with likely buyers as well as bidder's conferences if determined to be necessary or useful to create an auction-like process. The disposition program includes: (1) evaluating proposals and prepare a report that compares all proposals and recommends one or more potential buyers/developers/users; and (2) negotiating on behalf of Cal Expo a purchase agreement(s) and development agreement(s) as well as any other related agreements affecting Cal Expo interests.
- We recommend that Cal Expo could also consider accepting options to buy at a time certain for a minimum price. The initial option period would be for one year and require nonrefundable consideration to be determined, and all work products to become the property of Cal Expo if the option is not exercised.

Financing of Public Infrastructure

- Work with State officials to further evaluate potentially gaining access to State tax increment finance opportunities as well as other Federal, State, and local programs that could provide sources of funds for infrastructure improvements during and after the entitlement process.

In addition Cal Expo should work with the City of Sacramento regarding the potential for directing locally-imposed development impact fee revenues generated from private non-fair development to help fund public improvements needed to facilitate the implementation Cal Expo Master Development Plan.

Funding to Advance Planning for Private Non-Fair Development

- Pursue application for funding under the specific grant programs as outlined applicable to the planning for the proposed private non-fair development area of the Cal Expo site. Examples include Sacramento Regional Air Quality/Infill Streamlining Program, Sustainable Communities Planning Grant and Incentives Program, EDA Planning Program/Local Technical Assistance Program, and Sustainable Communities Regional Planning Grant Program.

This action would include coordination with the City of Sacramento and/or Sacramento County as applicable to meet program requirements for eligible applicants for the subject programs.

NEXT STEPS IN THE ASSET ENHANCEMENT AND DISPOSITION PROCESS OF LAND STEWARDSHIP

The Cal Expo consulting team recommends that the Cal Expo Board of Directors direct the Cal Expo executive staff and consulting team to proceed with Task 2 - Implement Disposition Marketing Program of the strategic asset enhancement process endorsed by the Cal Expo Board in December 2010. The process for disposition of the existing Cal Expo site designated for private non-fair development will be consistent with approved policies and procedures of the State of California, Department of General Services. The draft Request for Proposals solicitation document will be submitted to the Cal Expo Board for its consideration at a future meeting of the Board.



FIGURE 1: RENEWAL CONCEPT PLAN



FIGURE 2: CORE AREA RENEWAL CONCEPT PLAN

CHAPTER II

BACKGROUND AND PURPOSE

BACKGROUND


On September 24, 2010 the Cal Expo Board of Directors received and filed the “Cal Expo Development Plan Alternatives Analysis Report”. That report concluded that the results of the analysis of a conceptual development plan for entitlement and reuse of a portion of land at the existing Cal Expo site demonstrates the feasibility of the disposition and reuse of approximately 125 acres of land while maintaining the operational and revenue-producing integrity of Cal Expo.

Based on those results, an opportunity exists for Cal Expo to enhance and monetize the value of surplus land owned by Cal Expo and the State of California best used to generate funds to pay for the modernization and improvements to the existing Cal Expo / State Fair facility. To seize the opportunity requires capitalizing on the work already completed by the Cal Expo staff and consulting team by refining and augmenting and then implementing the previously identified strategic action asset management enhancement plan.

On December 10, 2011 the Cal Expo Board of Directors authorized Cal Expo staff and Cal Expo’s consulting team (A. Plescia & Co., Gruen Gruen + Associates, and RCH Group) to proceed with the initial task (Task 1) of an overall approach and process for refining and augmenting the previously identified strategic action asset management enhancement plan which included the following four tasks:

- Task 1: Position the surplus property to generate the highest obtainable values prior to marketing to developers;
- Task 2: Implement an identified property disposition marketing program;
- Task 3: Review and evaluate proposals submitted to Cal Expo, and select a private developer(s) / user(s) / institution(s); and
- Task 4: Negotiate and monitor the approved property disposition and development contracts.

California State Fair & Exposition
Implementation of Asset Management and Property Disposition Strategy

TASK 1	TASK 2	TASK 3	TASK 4	RESULTS
POSITION SURPLUS PROPERTY TO GENERATE HIGHEST OBTAINABLE VALUES	IMPLEMENT DISPOSITION MARKETING PROGRAM	REVIEW PROPOSALS AND MAKE DEVELOPER SELECTION	NEGOTIATE AND MONITOR CONTRACTS	CLOSE ESCROW AND COLLECT PURCHASE PRICE
Obtain Funds to Advance Pre-Development Activities	Test Market Development Options	Compare and Review Proposals	Negotiate Purchase and Sale Agreement on Behalf of Cal Expo	Collect Dollars
Conduct Site Due Diligence	Begin / Refine Marketing Program	Recommend One or More Potential Buyers / Developers / Users	Coordinate with State DGS	Fund Modernization Improvements
Conduct Stakeholder Outreach	Prepare Offering Solicitation	Criteria:	Negotiate and Execute Other Agreements Related to Land Use Approvals and Funding (i.e. Development Agreement)	
Refine Land Use Program and Conceptual Redevelopment Plan	Prepare Supplemental Information Package	- Price and Participation Offered		
Identify Financing Sources	Project Web Site Design	- Time Expected to Satisfy Conditions of Closing Escrow		
Recommend Marketing, Approvals and Disposition Strategy	Prepare Advertisements	- Likelihood of Receiving Land Use Approvals	Monitor Compliance with Terms and Conditions of Contracts	
	Contact Likely Interested Parties	- Advantages / Disadvantages in Helping to Secure Entitlements		
	Bidder Conferences / Property Tours	- Cost of Potential Mitigation Measures		
ENVIRONMENTAL PROCESSING AND APPROVALS				

NB 13

By positioning the property, we refer to the completion of the following pre-solicitation and pre-development activities:

- Site Due Diligence - Threshold evaluation of physical constraints based on available data, including traffic capacities, access, geotechnical conditions, flood potential, hazardous materials, demolition costs and other factors that may significantly affect the reuse options for the property;
- Entitlement Audit - Preliminary outreach to community stakeholders, City and County staff, and others regarding the potential for securing entitlements;
- Land Use Programming and Conceptual Planning Refinement - The conceptual land use plans showing the real estate products and land use product mixes likely to maximize the residual land value that can be supported by potentially entitled uses have been refined as the result of the site due diligence and entitlement outreach as well as outreach to potential buyers of the land allocated for non-fair uses; and
- Financing Sources Identification - Identification of potential sources and mechanisms of financing pre-development activities as well as infrastructure improvements.

PROJECT GOALS

The mission statement of the California Exposition and State Fair is as follows: “The California Exposition and State Fair mission is to create a State Fair experience reflecting California including its industries, agriculture, and diversity of its people, traditions and trends shaping its future supported by year-round events”.

Related to its mission statement the Cal Expo Board of Directors in February 2011, as part of the subject process, approved a set of “project” goals which include:

1. Protect the traditions and cultural heritage of the California State Fair;
2. Achieve the Legislative Goals adopted by the Board of Directors on July 30, 2010;
3. Maintain an open and transparent process that invites public participation;
4. Identify surplus property and position the property to generate the highest obtainable value;
5. Protect and grow the public’s \$200 million investment in economic impact to the region;
6. Support a business plan that includes growth of the annual budget through increased attendance at the State Fair and interim events;
7. Refine Cal Expo’s Strategic Development Plan that supports the Business Plan and integrates well with potential development opportunities;
8. Identify a funding source(s) to implement a marketing program and disposition strategy for the surplus property that includes an open and competitive process;
9. Identify a phasing program for the renewal and modernization of Cal Expo;
10. Complete the sales process of the surplus property and construct the improvements identified in the Strategic Development Plan; and
11. Identify a long-term financing strategy for ongoing maintenance needs.

The project goals reflect the recognition of the necessity to identify a land use mix and development strategy that will provide Cal Expo with the best return for its land stewardship. Therefore, the following objectives will be achieved as part of the process:

- Identify one or more land use programs that maximize the value of the land from the perspective of prospective users/buyers/developers. More than one set of uses will likely be identified so as to facilitate market responsiveness in the future;
- Obtain entitlement, including the equivalent of a development agreement so as to assure future approval of land value-maximizing development programs yet provide sufficient flexibility to shift the mix of uses in response to currently unforeseen market opportunities; and
- Identify and implement a marketing disposition strategy including timing, parcelization, and the targeting of both potential users and investors/developers.

PURPOSE

The purpose of this report is to summarize the findings derived from completion of the Task 1 scope of work related to beginning to position a portion of the existing Cal Expo site for private non-fair development to generate the highest obtainable values prior to marketing for disposition and development.

As part of the pre-development positioning effort, a preferred conceptual development plan has been identified, given the results of the identification of site constraints, entitlement audit, and market outreach. This concept plan shows land uses generally characterizing the potential development opportunities for non-fair portions of the site. In addition, the concept plan identifies a layout and potential physical improvements to the existing Cal Expo site and facility that will create opportunities to increase revenue-producing activities for Cal Expo. Such improvements are planned to be integrated and phased to coincide with the phasing of development of non-fair uses. The phasing for fairgrounds improvements will tie to the phasing of disposition and development of non-fair uses to maximize the potential for shared parking, shared internal roads, and circulation systems such as shuttles with adjoining non-fair uses.

CHAPTER III

EVALUATION OF PHYSICAL SITE CONDITIONS

INTRODUCTION

Cal Expo's consulting team conducted a threshold evaluation of physical factors that may significantly affect the reuse options and identify the likely need for extensive infrastructure improvements as a result of the planned redevelopment of the Cal Expo site including both the core fairgrounds area and area designated for private non-fair development. As a result of this evaluation, a need for mitigating potential flooding has been identified. The information presented in this section was primarily obtained through discussions with and information provided by the City of Sacramento, Sacramento County, Sacramento Municipal Utilities District (SMUD), Pacific Gas & Electric (PG&E), and American River Flood Control District.

Appendix 2 contains a full review of the evaluation of physical site conditions, including easements and restrictions, adjoining uses, utilities and services, traffic and circulation, and off-site infrastructure. The only physical condition found to significantly affect redevelopment, hydrology, is reviewed below.

ENVIRONMENTAL CONDITIONS (FLOOD / HYDROLOGY)

Issues

To assist in the evaluation of existing flood plain issues related to the Cal Expo site, Cal Expo's consulting team retained the services of Civil Solutions, a civil engineering firm with extensive experience identifying and addressing hydrology and flood plain conditions. A copy of the evaluation prepared by Civil Solutions is included as Appendix 3 to this report.

Flooding is known to historically occur at east end of the Cal Expo site, and to a lesser extent, the west end of the property. While levees protect the property from potential American River flooding (and will provide greater than a 200-year storm event protection upon completion of improvements to Folsom Dam), flooding has historically occurred from flows associated with Chicken and Strong Ranch Sloughs at the east end of the property, and to a lesser extent, from Arden Arcade Creek and the Natomas East Main Drainage Canal ("NEMDC") at the west end of the property.

For purposes of implementing public or public-private development within the Cal Expo Master Development Plan area, and to demonstrate that impacted areas can be safely developed, low elevation areas within the Cal Expo site designated as flood plain or shown to be at risk for flooding must be protected. While a berm along the north side of the property provides some protection, the low elevation areas proposed for development within the Cal Expo site would need to be filled above the flood elevation threshold level. However, these fills would replace what is considered flood storage within the property, causing flooding somewhere else within the

watersheds. This is prohibited by City and County policy (as well as Federal policy in certain designated flood areas).

No detailed hydraulic studies are currently available which pertain to Arden Arcade and the NEMDC so the estimated extent of and potential for flooding on the western portion of the property is based upon elevation models. The existing floodplain at the west end of the property is estimated to contain approximately 100 acre feet of storage which must be replaced in order for the land to be developed. Flooding at the east end of the property is based upon previous studies and the existing floodplain is estimated to contain approximately 500 acre feet of storage – just a portion of this area is proposed to be raised for development.

Alternative Solutions & Estimated Costs

The two alternatives for modifying the west end floodplain area to allow development are:

1. Excavation of a 7-acre detention basin and conveyance channel (81,000 cubic yards) and installation of additional pumping capacity at an estimated cost of approximately \$3,863,000; or
2. Excavation of a 13-acre detention basin and conveyance channel (160,000 cubic yards) at an estimated cost of approximately \$720,000.

In order for the two alternatives to be equivalent, the additional six acres that would become available for development under the first alternative would need to sell for approximately \$15.90 per square foot to fully recapture the estimated mitigation cost.

The two alternatives for modifying the east end floodplain area to allow development are:

1. Installation of additional pumping capacity at an estimated cost of approximately \$30,000,000, gaining the use of only 13-acres for development; or
2. Excavation of an 88 acre area planned for parking to a depth of roughly 6 feet (490,000 cubic yards) at an estimated cost of approximately \$1,960,000.

Accordingly, unless the 13-acres of land made possible to reclaim through the completion of the first mitigation alternative would sell for approximately \$23.90 per square foot, the estimated costs of the mitigation would exceed the projected value of the reclaimed land area.

Project Implications

Each of the alternatives for addressing the identified east end and west end floodplain issues has potential impact on the site planning efforts and flexibility – specifically in regard to the amount and location of area that is or can be made suitable for both the proposed fairgrounds and private non-fair development. The overall estimated flood storage-related costs necessary to facilitate

development of the Cal Expo site also has a potential impact on the obtainable values that Cal Expo may derive from disposition of the designated private non-fair development areas. Based on the estimated flood storage-related costs indicated above the original conceptual land plan has been modified to address the required flood mitigation in the most cost-effective manner available and to increase the marketability of the land allocated for non-fair uses.

CHAPTER IV

CONCEPTUAL DEVELOPMENT PLAN

REFINED FAIRGROUND DEVELOPMENT PLAN

This rendition of the concept site plan for the renewal of Cal Expo, like previous plans, builds upon and refines those concepts presented as part of the 2004 Strategic Master Plan, the 2008 Concept Programmatic Development Plan, a 2009 Fairgrounds Market Demand Evaluation prepared by Economic Research Associate, and the most recent plan prepared in 2010 as part of the Convergence Analysis. For the most part, planning parameters have not changed relative to facility requirements, operational needs, and locational criteria. What has changed from earlier plans is the area of the existing site that is proposed for private non-fair development/uses versus the core area fairground development program. Table IV-1 below provides a comparison between existing uses and those accommodated by the Renewal Concept Plan.

TABLE IV-1

Comparison of Existing Uses and Uses Accommodated in the Renewal Concept Plan

<u>Facilities</u>	<u>Current</u>	<u>As Planned</u>
Exhibition Buildings	± 177,000 sf ¹	± 300,000 plus sf ²
Indoor Livestock	± 98,000 sf	± 98,000 plus sf
Covered Livestock	± 28,000 sf	± 65,000 sf ³
Multi-Use Open Space	± 30 ac	± 35 ac
Farm / Forestry Center	± 5 ac	± 5 ac
Rodeo	Outdoor Ring (120 X 260)	Covered Ring (120 X 300)
Music Venue	The Cove (4,100 Seats)	New Amphitheater (10,000 Seats)
Satellite Wagering	± 35,000 sf	± 35,000 sf ⁴
Police	± 8,000 sf	± 8,000 sf
Office / Administration	± 30,000 sf	± 50,000 - ± 60,000 sf ⁵
Parking	± 96 ac	± 130 ac
Overflow Parking	± 9.6 ac	± 9.6 ac
RV Park	± 4.5 ac	± 4.5 ac
Maintenance	± 7.0 ac	± 7.0 ac
Flex / Raging Waters	± 10.0 ac	± 10.0 ac

¹ Includes Buildings A, B, C, D and Expo Center.

² Includes combination of Buildings A, B and new / rehabilitated construction.

³ Includes flexible covered outdoor space, new stables and other support uses.

⁴ Could ultimately be housed in one of the new exhibition buildings.

⁵ Could ultimately be housed in one of the new exhibition buildings.

The current Cal Expo Renewal Concept Plan involves the redevelopment of the most easterly 230 acres of the 350-acre site. The layout generally maintains the "core" of the fair in its existing configuration allowing for current functions and operations to continue much as they are today into the foreseeable future. This includes Buildings A, B and C in association with the Pavilion, Farm and Forestry Center.

Over time, the existing buildings and grounds could be improved or expanded depending upon available financial resources and needs derived from market studies, institutional knowledge, current trends, and opportunities that arise. The need for new facilities and expansion will be determined by Fair management in consultation with the Cal Expo Board. We suggest one set of criteria or benchmarks to use to evaluate the need for and timing of refurbishment, expansion or construction of new facilities are as follows:

1. The loss of existing income and value from obsolescence of facilities exceeds the cost of remodeling or replacing such facilities; and
2. The gain in additional income and value from expanding or building new facilities exceeds the cost of creating such facilities – therefore helping to better the overall financial condition of Cal Expo.

The proposed future plans for the core area fairgrounds call for Building C to be replaced with a covered arena that would work in concert with the Pavilion, an expanded open air covered livestock area, a new warm-up ring and a relocated stable complex (within the covered livestock complex) to function as a livestock/ rodeo hub. The covered arena also serves as a multi-use platform for a variety of events and venues through the use of removable or re-locatable seating. Expansive and enhanced multi-use open space areas front all of the existing and planned facilities on three sides with service from the rear accessed from a road running paralleling the levee. Approximately five additional acres of multi-use open space is available for use by the fair under this concept plan versus what the fair currently enjoys. This additional amount of open space is also better configured (larger unencumbered spaces) and positioned (mostly between the parking area and front building facade) than what currently exists allowing it to provide more than just the statistical advantage. As such, it allows for better pedestrian connectivity, enhanced layout, and venue/event sizing flexibility.

Under this scenario Cal Expo could continue to function, again much like it is today, for a number of years as the private non-fair related redevelopment activities to the west take place. The discussion of phasing below gives a more detailed breakout on the implications private non-fair development on the western portion of the grounds will have on the program, operations and facility needs of Cal Expo.

As new buildings and facilities are built to either replace or augment the core area, these new components have been planned to be built along a spine that runs parallel to the existing grandstand. This spine also separates the flood prone areas in the eastern portion of the Cal Expo

site from the core and non-fair development to the west. This "new development zone" has been planned to accommodate among other things, up to 300,000 square feet of phased exhibition space, a new 10,000 seat amphitheater, and a 10-acre "flex area" capable of being used for a relocated Raging Waters, an expanded RV park or a new venue. Much like the core area, multi-use open space has been planned on three sides of the new exhibition buildings to assist in their ability to host any combination of indoor and outdoor events. This new development zone would continue to physically separate the flood prone east from the west and maintain its ability for continued detention requirements. Facilities such as the new exhibition buildings, portions of the enhanced multi-use open space area, backstage areas of the amphitheater, and others (as determined) will need to be sited above the level of possible inundation. For the most part, the areas planned for parking will serve a variety of roles including the continued need for detention.

As planned over time the grandstand, track and paddock area will be raised to make way for new exhibition buildings and parking. The grandstand itself could be demolished in phases, similar to what was contemplated in previous planning efforts (2004, 2008, and 2010). As envisioned, the most southerly two thirds would be demolished leaving the existing satellite wagering facility and associated facilities in place until such time they could be relocated as part of a new exhibition building. New administration needs will also likely be part of the new exhibition building development program. The racetrack and paddock area will need to be demolished early on in the redevelopment process and the need for replacement parking, a location for the carnival and flood detention requirements are met.

Parking requirements associated with the concept plan occur in five dedicated lots on over 130 acres with the ability to accommodate 16,250 cars. In comparison, the existing layout for the Cal Expo has approximately 96 acres of dedicated parking (approximately 12,000 spaces), augmented by land that can be used for parking, as needed. Both plans maintain current "spillover" parking opportunities on the other side of the levee for use by vendors and others during fair time. Primary access points to the five main parking lots occur from gates along both Exhibition Boulevard at the current East Gate and Ethan Way at Hallmark Drive. These gates have been designed with multiple incoming lanes and deep throats to allow for increase traffic flow and on-site queuing opportunities. Queuing opportunities are also available along both Exhibition Boulevard and Ethan Way. Parking lots have also been designed for maximum operational flexibility by using "through travel lanes" to separate each individual lot. Controlled access points allow for management to either use a particular lot or to direct traffic to another. Multiple points of departure from the lots provide for enhanced parking management opportunities. As such, management can mix and match events and venues with parking and ticketing needs. Parking Lot B could also represent another opportunity for non-fair development at some future point. Parking Lots E and F have been planned with the ability to serve as preferred parking areas through the use of additional gates and security fencing. Parking Lot E is intended for use by the carnival during fair time.

The entry off of Exhibition Boulevard will be designed as the new "main gate" through signage and landscape improvements. The current main gate is planned to remain as an iconic and historic element as part of the no-fair redevelopment proposal. If at some point in time during the redevelopment process, the Board does not want to maintain the historic gate that land could become part of the adjacent development opportunities.

Other key components of the Cal Expo Renewal Concept Plan involve maintaining the RV park and maintenance facilities in their current locations, the siting of a new police facility, and the inclusion of a relocated 911 Memorial Plaza in an area that is both secured and yet open to the public. As currently planned, the 911 Memorial Plaza would lie along the western boundary of the redefined fairgrounds near the new police facility. This location would allow the Plaza to be open to the public during the day, allow for supervision and closed off after hours.

Zones

As planned, there would be three distinct security (fenced) zones (Figure 3). Zone 1 involves paid parking in lots A, B and C. Zone 2 involves paid parking in lots D and E which are fenced separately with secondary gates for use as preferred parking. Preferred parking lot E also provides a platform for the carnival during fair time. Parking lots D and E also work well in concert with the proposed amphitheater as a preferred parking, vender, and tailgate area. The core area of the fair occurs within Zone 3.

Figure 3: Core Area Fencing Zones



Phasing

As previously discussed, the Cal Expo Renewal program builds upon, and over time, redevelops buildings and grounds based upon needs established by management in consultation with the Board. As such, there is not a “total build out scenario” per se, as renewal through the refurbishment, demolition, replacement and reuse of buildings will occur and be subject to market fluidity.

A number of buildings and facilities, however, will require replacement due to the demolition of buildings and facilities in the western portion of the site in order to accommodate private non-fair uses. The following graphics, descriptive text, and associated order of magnitude costs are intended to illustrate a potential development scenario, given the parameters established by the market analysis related to proposed private non-fair development. The actual build-out however will likely depend on a number of factors including how any potential development agreements are approved by Cal Expo, and whether some of the costs described below are or are not borne

by the third party private developers. The descriptions of potential phases of development are intended to be illustrative of how the build-out of private non-fair development and associated renewal of fairgrounds might occur over time.

Potential First Phase:

The potential initial phases of redevelopment involve the areas identified in Figure 4 as Areas 1 and 2a. Area 1 involves approximately 35 acres and is planned for commercial or institutional uses. The current use of this area by Cal Expo involves both dedicated and non-dedicated parking. Area 2a (15 acres) includes land currently used by the Fair for parking (Lot B) and the generation of electricity from photo-voltaic cells placed over the parking stalls. As parking represents the primary component of the fair affected by this potential first phase of development, an in-kind replacement site will need to be identified elsewhere on the site; most likely in the area to the north of the existing paddocks at the intersection of Exhibition Boulevard and Ethan Way.



FIGURE 4: POTENTIAL PHASING (Phase 1)

The replacement and enhancement components and related estimated “order-of-magnitude” costs associated with the potential first phase include:

	<u>Costs in Millions</u>
Parking Replacement (39 acres) ⁶	\$6.6
Flood Control ⁷	\$1.6
Subtotal	\$7.9
25% Contingency	\$1.8
Total	\$9.7

Site preparation costs associated with this phase of non-fair development would involve approximately \$2.6 million for utility relocation and a portion of the \$4.0 million required to mitigate the existing flood plain conditions of the western portion of the site out – making it suitable for private non-fair development. These costs may be borne by the developer(s) or reflected in the value (price) of the subject land area.

Potential Second Phase:

Subsequent phases of potential redevelopment will likely require more substantial facility relocation needs and operational flexibility. It should be noted that the Fair Renewal Concept Plan, as depicted previously in Figure 2, takes into account all of the facility and operational needs identified as requiring replacement and will eventually mitigate all of the identified implications to private non-fair development of the site. The question is one of financial resources and timing.

Two potential scenarios for this potential second phase of development have been identified for analysis:

- Scenario A involving Area 2b (16 acres – Specialized Retail); and
- Scenario B involving Area 3a (33.6 acres – Residential).

Either of these scenarios is a logical extension of the activities involved in the first potential phase with differing implications on the need to replace existing fair facilities. Figures 5 and 6 below illustrate these phasing scenarios.

Scenario A (Area 2b) requires that the main gate complex (ticketing booths, monorail station, and police facilities) and the Cove be replaced, along with 10 acres of paved parking.

⁶ Assumes half will be fully improved (\$6 sf) and half partially improved (\$2 sf)

⁷ Involves excavation on 39 acres in east part of site



FIGURE 5: POTENTIAL PHASING (Phase 2)



FIGURE 6: POTENTIAL PHASING (Phase 2)

The fair replacement items and associated estimated order of magnitude costs include:

	<u>Costs in Millions</u>
Parking Replacement (10 acres) ⁸	\$2.6
Main Gate Replacement ⁹	\$0.9
Police Facility Replacement	\$1.2
Monorail Track Relocation	\$0.8
Cove Replacement ¹⁰	\$0.0
Flood Control	<u>\$0.4</u>
Subtotal	\$5.9
25% Contingency	<u>\$1.5</u>
Total	\$7.4

Scenario B involves the replacement of 6.5 acres of dedicated parking, 16 acres of paved multi-use open space (carnival site), and 6.5 acres of non-paved multi-use open space, the monorail barn, and the relocation of monorail track. It would not, however, require the removal and replacement of the main gate complex (ticketing booths, police facility, and monorail station) and would keep the fair core totally intact. A temporary landscape buffer would need to be developed along the western edge of the fair to separate the fair from the residential development. The fair replacement items and associated estimated order of magnitude costs include:

	<u>Costs in Millions</u>
Parking / Multi-Use Open Space Replacement (22.5 acres) ¹¹	\$6.3
Monorail Barn Replacement / Track Relocation	\$1.0
Flood Control	<u>\$0.8</u>
Subtotal	\$8.1
25% Contingency	<u>\$2.0</u>
Total	\$10.1

⁸ Assumes all will be fully improved (\$6 sf)

⁹ Assumes that this gate will become an auxiliary main gate once the east parking lot is fully developed. Also includes new monorail station.

¹⁰ Assumes cost borne by third party developer

¹¹ Assumes all will be fully improved (\$6 sf)

Potential Third / Forth Phases:

Any combination of the development of Areas 2b and 3a in concert with Area 3b (21 acres – Residential) will complete the redevelopment program for non-fair development. Implications to the fair during these latter phases involves the demolition of Expo Center (58,000 square feet) and the potential need to relocate Raging Waters to a site adjacent to the new amphitheater or within Lot B of the new fairgrounds site plan.

At this stage of the renewal process, all of the acreage associated with the non-fair portion of the renewal program will be in some stage of development and portions of the Fair Renewal Concept Plan as depicted in Figure 2 will be either complete or underway.

The only new major building that will be required during this phase involves a replacement for the 58,000 square feet associated with the demolition of Expo Center. This new building should far exceed the utilitarian capabilities of Expo Center as it will be able to accommodate a more diverse array of events and venues. It is likely that any new exhibition space will be phased in 50,000- to 100,000- square-foot increments.

In previous planning efforts starting with the 2004 Strategic Development Plan, two thirds of the grandstand was intended for demolition with the most northerly third remaining as the home for the current satellite wagering facility. Under this plan, that same scenario could remain until such time that additional exhibition buildings are constructed incorporating a new satellite wagering facility.

In light of this, the first increment of new exhibition space would be built along the spine discussed as part of the plan narrative, as either a stand-alone building or as part of a larger facility incorporating a new wagering facility. In either case, the area in and around the grandstand (or new building) would need to be developed as multi-use open space as depicted in the schematic concept.



FIGURE 7: POTENTIAL PHASING – RENEWAL CONCEPT PLAN

The fair replacement items and associated estimated order of magnitude costs include the following. It should be noted that these costs are discretionary with the exception of those associated with flood control.

Costs in Millions

Stand Alone New Exhibition Building (50,000 sf).....	\$16.3
Flood Control (39 acres)	\$1.5
Enhanced Multi-Use Open Space (12 acres)	\$6.6
Miscellaneous Site Work (20 acres)	\$7.0
Other Gates / Restrooms	\$1.6
Monorail Relocation (Complete)	<u>\$5.0</u>
Subtotal	\$38.0
25% Contingency.....	<u>\$9.5</u>
Total	\$47.5

POTENTIAL PRIVATE NON-FAIR DEVELOPMENT OPPORTUNITIES

The redevelopment concept for the Cal Expo site involves reallocating roughly 120.6 acres of the 350-acre site for non-fair use. Planned land uses include Commercial/ Institutional (\pm 35 acres), Mixed-Use (\pm 15 acres), Specialty Retail (\pm 16 acres) and Residential (\pm 54.6 acres). Roadways and open space make up the additional acreage. In total the redevelopment concept could include up to 500,000 square feet of commercial space and up to 1,000 residential units. The redevelopment concept could also provide for serving greater amounts of commercial and/or institutional uses and smaller amounts of residential uses.

Figure 8: Private Non-Fair Redevelopment Concept



In addition to addressing the need to mitigate the potential for flooding in the most cost-effective manner, and considering the programmatic requirements of the fair and interim events, the illustrative conceptual plan reflects the feedback from developers and users. This feedback includes that retail uses benefit from highway and roadway visibility and accessibility; residential uses benefits from being buffered from the freeway, fair and neighborhood land uses to the east and having access/views of the River; a potential institutional user prefers the west side because of the visibility and accessibility of the location as well as the ability to create a large parcel in an infill location.

CONCEPTUAL REDEVELOPMENT PLAN

The categories of the land uses shown and description of the land use allocations described above are illustrative and not intended to be fixed. These land use categories do, however, reflect locational preferences based on input from various private sector developers and brokers. The conceptual plan links appropriately chosen development uses and locations and potential phases so that subsequent development reinforces earlier development while the earlier development generates positive spillovers to adjoining areas of the site. As a result, the whole of the site becomes more valuable than the sum of the parts.

CHAPTER V

MARKET DEMAND & ESTIMATED SUPPORTABLE LAND VALUES

RETAIL DEMAND / DEVELOPMENT OPPORTUNITY

As described in prior reports, market area dominance primarily depends upon three factors: location, size, and tenant mix. The combination of a critical mass of hard and soft goods retailing near the Cal Expo site has already established the area as one of the two dominant retail agglomerations in the region. The use of a portion of the freeway accessible and highly visible Cal Expo site for non-fair uses would provide retailers and other commercial establishments an opportunity to participate in a project built to a scale and type that is more desirable to consumers than much of the existing supply and that would complement rather than directly compete with Arden Fair Mall.

The market area lacks a power center. A primary development strategy for a nonresidential non-fair use on the Cal Expo site includes encouraging a new type of hybrid power center development containing entertainment or experiential uses including eating and drinking establishments and services (such as a fine arts movie theater, cinema/restaurant, upscale bowling, fitness center and spa, and outpatient clinic), that would appeal to area workers and residents, including potential new residents attracted to housing units developed at the Cal Expo site. A successful consumer-responsive hybrid power center capable of obtaining longer-term favorable sales and rents must establish market area dominance through its size and tenant mix. Given the absence of a nearby grocer, including a grocery store should be part of the retail development strategy in order to enhance the appeal of the site for residential uses.

Proximity to the 1.1 million-square-foot Arden Fair Mall (which attracts shoppers from an extended geographic trade area), a location in a well-established regional and community-serving retail agglomeration, accessibility to Interstate 80 with freeway visibility, and a location near a large employment base and a dense, well-educated, higher-income household base suggests approximately 500,000 square feet of retail/commercial space at the Cal Expo site will penetrate into existing demands within and beyond the primary market area.

RESIDENTIAL DEMAND / DEVELOPMENT OPPORTUNITY

As described in prior reports, the Cal Expo site represents an opportunity to create a new residential neighborhood in an area in which limited new single-family residential development has occurred. Total annual demand from the primary and secondary market area is estimated to range on average from 99 units to 198 units. Given the lack of large-scale comparable recent housing developments in vicinity of the site and the lack of existing housing uses directly linked or adjacent to the site, and that the site is situated “betwixt and between” established urban and suburban residential neighborhoods, new housing at the Cal Expo site is likely to represent a new “rung” to the ladder of desirability. The prior report did not recommend including in the development program large lot, larger-sized detached single family product. From a marketing

perspective, this product type is likely to be extremely risky because the larger-sized, higher-income family household is likely to prefer neighborhoods with similar housing stock and similar types of households in school districts with reputations and other amenities that appeal to such households. Similarly, mid-rise or high-rise condominium uses were not recommended given the potential supply competition is oriented to such products, that the higher costs and risks of development are not likely to offset by higher prices, and given that the interviews and review of supply suggest consumers prefer the lower costs, privacy, and other attributes of smaller lot, detached single-family housing.

ESTIMATES OF OBTAINABLE LAND VALUES BY USE

As described in the prior reports presented to the Cal Expo Board of Directors, Table V-1 summarizes the estimated residual land values by land use and product type,

TABLE V-1				
Estimated Residual Land Value by Use and Product Type¹				
Land Use	Product	Total Residual Land Value \$	Residual Land Value Per Acre \$	Residual Land Value Per Square Foot of Land \$
Retail	Power Center	26,400,000	652,000	15.00
Residential	Detached Single Family (two-story)		644,300	14.80
	Detached Single Family (cottages)		546,600	12.60
	Attached Town Home		540,500	12.40
¹ Figures are rounded.				
Source: Gruen Gruen + Associates				

The development of 500,000 square feet of retail space on approximately 40 acres of land is estimated to support a land value of approximately \$26.4 million. This equates to a residual land value per square foot of approximately \$15.

The residential product types estimated to generate the highest gross residual land value per square foot, in at least the initial phases of development, are the detached single-family, two-story, row-homes and conventional homes. The gross residual land values for this product type of is estimated approximately \$14.80 per square foot of land or about \$640,000 per acre.

Gross residual land values associated with the higher-density product types (cottages and townhomes) are estimated to be approximately \$100,000 less per acre. The detached single-

family, single-story cottage product type is estimated to yield a gross residual land value of approximately \$545,000 per acre or about \$12.60 per square foot of land. The gross residual land value for the attached townhome product is estimated at approximately \$540,000 per acre or \$12.40 per square foot.

ESTIMATED OVERALL OBTAINABLE LAND VALUE

To estimate the obtainable land value associated with approximately 121 acres of land allocated for private non-fair uses under the current Cal Expo Renewal Concept, we assume a development program consisting of commercial uses comprising 51-acres of land and residential uses (excluding parks) comprising approximately 70 acres.

Because Cal Expo does not face traditional carrying costs like that a developer would incur and need not dispose of land on a wholesale basis, but can dispose of land when market opportunities present themselves and capitalize on the appreciation of the enhancement of the asset it helps bring about through its land stewardship, we do not discount for the time it would take to absorb all of the potential land that could be allocated for residential uses. To take into account carrying costs (financing costs, property taxes, etc.) for any single phase of residential development, the time required to sell the lots and other risks such as lower than anticipated prices, higher than expected costs, changes in the capital markets or delays in construction or absorption, we discount the estimated gross residual land value by 20 percent.

Table V-2 summarizes the previously estimated obtainable per acre land values (before the impact of flood mitigation costs) adjusted from 125 acres to 121 acres.

TABLE V-2				
Estimated Obtainable Land Value of 121-Acre Site, Before Impact of Flood Mitigation¹				
Component	Land Area # Acres	Land Value \$ Per Square Foot	Land Value \$ Per Acre	Land Value \$ Total
Retail	51	15	651,000	33,201,000
Residential	70	10	435,000	30,450,000
Total	121	12	526,0000	63,651,000
¹ Figures are rounded.				
Source: Gruen Gruen + Associates				

The obtainable land value estimate of \$63.7 million or \$12.00 per square foot of land is before extraordinary site preparation or infrastructure costs (i.e. flood mitigation) or school development costs.

The costs of mitigating the flood potential will essentially be deducted from obtainable prices. The currently estimated costs of +/- \$6 million of flood mitigation make up nearly 10 percent of

the estimated supportable base land value. Reducing this gross estimated value by the estimated costs of the flood mitigation measures results in a net obtainable base value estimate of \$57.6 million. The costs are well within the cost contingencies presented in the original report. If opportunities for funding infrastructure through potential public financing tools can be accessed, than these costs may not be fully deducted from obtainable prices. It will be worthwhile to attempt to identify opportunities to shift, finance, or delay infrastructure where appropriate and which result in more dollars being available for fair improvements or the purchase of the land allocated for non-fair uses.

The estimated obtainable land value for the residential component does not factor in revenues potentially attributable to lot premiums, options, and upgrades; nor does it consider the possibility for obtainable prices and values to increase over time. To the extent that the initial phases of residential development are successful and improve the appeal of the site as a housing location, the land values supported by latter stages of residential development will increase. The value the incremental sales revenues from lot premiums, options, and upgrades add to the supportable land value along with future increases in market prices should be captured for Cal Expo through participation provisions as well as a phased disposition program that conveys land during robust markets and so Cal Expo benefits from appreciation due to the enhancement of the locational image of the neighborhood from the initial development.

In addition, the value estimate does not reflect the identified potential for incorporating a significant institutional use into the non-fair land use mix. To the extent this potential can be realized, it is likely that the site would include less residential uses. The initial indications are that the institutional use may be able to support a higher obtainable land value and a faster rate of land absorption than residential uses.

TEST MARKETING

We test marketed the development options with the types of potential buyers/developers identified to have interest in the conceptual land use plan in order to obtain feed-back and to obtain perspective about preferences for phasing and locations of land uses. We met with highly knowledgeable, capable and experienced residential and retail developers and a representative of a major institutional use we identified as a desirable anchor non-fair use. The meetings yielded insight and perspective about the conceptual planning options that would create the best sense of place and most compatible and mutually reinforcing set of land uses. The results of the meetings and review of market data confirm the reasonableness of the initial estimates of obtainable land value and the potential for value enhancement as the economy and real estate space market and capital markets improve. In the course of the meetings the developers expressed considerable interest in responding to a solicitation to purchase and develop the identified uses. The institutional user expressed strong interest in considering the site.

CHAPTER VI

RECOMMENDED LAND USE ENTITLEMENT CONCEPT

Cal Expo's consulting team met with staff representatives of the City of Sacramento and Sacramento County to identify the best approach for processing of proposed private non-fair development plans. The following represents the consulting team's recommended approach to a land use and entitlement (and governance) process including environmental review.

GENERAL APPROACH

A proposed master development plan will be prepared for redevelopment of the existing Cal Expo site ("Cal Expo Master Development Plan") including: (1) the core area of the Cal Expo site designated for fair and non-fair events, activities and use; and (2) areas of the Cal Expo site designated for private non-fair development. The Plan will establish the land use designations and related entitlements for the proposed private non-fair development consistent with the conceptual redevelopment plan presented in this report.

The proposed general implementation approach is for Cal Expo (through the State Fair Leasing Authority and Cal Expo Board of Directors) to retain authority for land use and development decisions related to proposed public and private non-fair development within the Cal Expo Master Development Plan Area. This authority would include purview and decision-making related to implementation of the Cal Expo Master Development Plan, including predevelopment matters such as environmental review, land use/entitlements, and disposition of property. Proposed public and private non-fair development would be consistent with the approved Cal Expo Master Development Plan.

GOVERNANCE

The State Fair Leasing Authority (the "Authority") is a joint powers authority formed pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code, and is governed by a board of directors composed of the Secretary of Food and Agriculture, the Director of Finance, the Director of General Services and four members of the Board of Directors of the California Exposition and State Fair ("Cal Expo"). The Authority currently has the authority to enter into leases or other agreements for the use of any property owned or controlled by Cal Expo.

California Exposition and State Fair is a separate independent entity in state government, and is governed by an 11 member board of directors appointed by the Governor (nine members), Speaker of the Assembly (one member) and Senate Committee on Rules (one member). The Board serves as the policymaking body for Cal Expo and has full responsibility for management and operation of all facilities of Cal Expo.

MASTER DEVELOPMENT PLAN

The Cal Expo Master Development Plan will be prepared for the fair uses and private non-fair development/uses consistent with the policies of the City of Sacramento General Plan relative to the proposed private non-fair development areas of the Cal Expo site (“Cal Expo Master Development Plan”). To become effective as a guide for development and basis for implementation of the Cal Expo Master Development Plan within the Cal Expo Master Development Plan Area, the Plan will need to be approved by the State Fair Leasing Authority and Cal Expo Board of Directors. The portion of the Plan that addresses the proposed private non-fair development will include the appropriate input and participation by the City of Sacramento in preparation and approval process.

Depending on the timing and sequencing of Cal Expo’s selection of a private developer(s) either Cal Expo directly or the selected private developer(s) might fund preparation of the portion of the Plan (including the associated environmental review) that addresses private non-fair development.

Private non-fair development is defined as any land use development (e.g. retail, office, entertainment, hospitality, medical office and residential uses) undertaken by a private sector partner of Cal Expo pursuant to a disposition and development agreement within the designated as “private non-fair development” areas of the Cal Expo site as set forth in the Cal Expo Master Development Plan. This definition does not include public-private uses, or licenses or leases for development, food service, entertainment or other activities within the designated “core” area of the existing Cal Expo site.

The private non-fair development the Cal Expo Master Development Plan will be entitled and implemented consistent with the basic components of a Specific Plan pursuant to California Planning Law (Sections 65450 through 65457). These basic components include the following major elements:

1. Land Use - location and extent of uses of land, including open space within the area covered by the plan;
2. Infrastructure - distribution, location and extent and intensity of major components of public and private infrastructure (transportation, water, sewer, drainage, solid waste, energy, etc.) within the area covered by the plan, and needed to support the land uses set forth in the plan;
3. Development Standards - standards and criteria by which development will proceed including standards for conservation, development and utilization of natural resources, where applicable; development standards (land use, parking, public improvements, etc.); and design guidelines (buildings, improvements, etc.); and

4. Implementation - program of implementation measures including regulations, programs, urban services, public improvements, and financing measures necessary to carry out provisions of the three items listed above; plan administration.

Consideration and approval of the Cal Expo Master Development Plan will occur after certification of the appropriate environmental review pursuant to the California Environmental Quality Act (“CEQA”) by the approving bodies. For purposes of CEQA and consideration for approval of the Cal Expo Master Development Plan, the State Fair Leasing Authority will be the lead agency.

LAND USE AND DEVELOPMENT

The implementation approach in the Cal Expo Master Development Plan will provide for the following:

1. **Development Agreement** - The State Fair Leasing Authority, Cal Expo Board of Directors, and City of Sacramento will enter into a Master Development Agreement to vest development rights for planned private non-fair development consistent with the approved Cal Expo Master Development Plan. The Master Development Agreement will be consistent with the provisions of California Government Code Sections 65864 through 65869.5.
2. **Land Use Approvals** - The State Fair Leasing Authority and Cal Expo Board of Directors will have responsibility and authority for implementing decisions on specific proposed private non-fair development including environmental review, land use/ entitlements, and disposition of property. Any specific proposed private non-fair development will be consistent with approved Cal Expo Master Development Plan.
3. **City of Sacramento Review** - The City of Sacramento will participate in the implementation of any specific proposed private non-fair development through "review and comment" by the City Planning Commission and Design Review Board.
4. **City of Sacramento Approvals** - Any proposed specific private non-fair development will be subject to approval of any proposed subdivision of land and issuance of a building permit in accordance with City of Sacramento and / or other applicable regulations and requirements.
5. **Development Impact Fees** - Any proposed private non-fair development on the Cal Expo site will be subject to any applicable development impact fees imposed by the City of Sacramento or any other applicable governmental entity. The consulting team recommends that Cal Expo work with the City of Sacramento regarding the potential for directing locally-imposed development impact fee revenues generated from private non-

fair development to help fund public improvements needed to facilitate the implementation Cal Expo Master Development Plan.

6. ***Disposition and Development Agreements*** - The State Fair Leasing Authority will enter into disposition and development agreements with selected private sector partners for the disposition of property, land use, and development of specific proposed private non-fair uses consistent with the approved Cal Expo Master Development Plan.
7. ***Environmental Review*** - The State Fair Leasing Authority will be the lead agency for purposes of CEQA related consideration of approval of specific proposed private non-fair development by the State Fair Leasing Authority and Cal Expo Board of Directors.

CHAPTER VII

MARKETING AND PROPERTY DISPOSITION STRATEGY

INTRODUCTION

This chapter presents the consulting team’s recommended strategy for developer solicitation and buyer selection process as well as approval processing. Rather than a conventional bid process, the recommended strategy includes a competitive negotiation process that allows Cal Expo to consider a buyer’s price and ability to help secure approvals for the highest and best use development using a policy criterion of “highest and most certain return.”

An essential element of the recommended marketing disposition program is to combine the previously completed market research, and ongoing pre-solicitation planning and preliminary entitlement processing (including changing the existing zoning on the portions of the Cal Expo property designated for private use from public use) to reduce risks to both the buyer(s) and Cal Expo. The activities summarized in this and previous reports form the basis of an informative solicitation package while substantially reducing much of the market and entitlement risks.

REDUCING RISK INCREASES OBTAINABLE VALUES

Once Cal Expo selects a buyer(s), the parties negotiate a purchase agreement. The most significant condition of the agreement is that the buyer’s plans to develop the property will be approved prior to closing escrow. This one provision is the key to producing higher prices to Cal Expo on the sale of real properties. Cal Expo should require a substantial deposit from the buyer(s) that further helps to protect its interests. Upon executing the agreement, Cal Expo and buyer(s) jointly proceed to complete the planning and entitlement process. The selected buyer(s) will be required to contribute their time, money, and reputations to complete the final entitlement. Because the buyer(s) is able to delay putting up the bulk of the purchase price until just before construction begins, the buyer(s) does not need to discount the price to reflect the time that passes before all approvals required before construction can start are obtained. In addition, this approach also permits Cal Expo to potentially participate in future increases in value and developer returns above the required threshold when appropriate.

Completing the planning, engineering, traffic, engineering, and environmental studies needed to prepare the Cal Expo Master Development Plan and obtaining approval of the Cal Expo Master Development Plan and certification of the appropriate environmental review will help reduce the risk prior to closing that final planning approvals will be delayed, include burdensome conditions or conditions that render planned uses infeasible. Therefore, obtainable values will be increased significantly.

This approach reflects the advantage that Cal Expo does not incur traditional carrying costs like a private developer would incur and need not dispose of land on a “wholesale price” basis. The recommended approach permits Cal Expo to: (1) have direct input into the type and timing of

private, non-fair use development; (2) dispose of land (through sale or lease arrangements) when market opportunities present themselves for feasible, non-fair uses; and (3) capitalize on the appreciation of the enhancement of the asset it helps create through its land stewardship and as a result of previous successful non-fair uses on the site. Therefore, Cal Expo is likely to achieve higher obtainable values than through a “wholesale” disposition approach.

PLANNED, ENTITLED, AND SOLD IN PHASES OR BY USES

Certain market factors, on-site infrastructure conditions and planning issues suggest that the Cal Expo property designated for private uses be planned, entitled and sold as a master planned site divided into phases or uses, including institutional as shown in Chapter IV.

IDENTIFICATION OF POTENTIAL BUYERS / USERS

The market research and marketing outreach included significant contacts with members of the local and regional real estate community. This research and outreach have resulted in the identification of motivated potential buyers and users for the Cal Expo property designated for private uses. This part of the research has put the real estate and business community on notice of opportunities for private and institutional participation in the reuse and redevelopment of portions of the Cal Expo property for non-Fair uses.

The breadth and scope of the advertising program to support the solicitation of developers and users should be at least equivalent to that of most comparable private sector efforts, potentially including:

- Signage;
- Advertisements in local, regional, and national newspapers and journals;
- Brochure that describes the area, property, and disposition process;
- Supplemental Information Package containing market as well as physical due diligence related information that assists space users, institutions, and developers and their financing sources with their due diligence;
- Web site and E-mail address;
- Conferences and tours with potential users/developers; and
- One-on-one contacts with interested buyers.

SOLICITATION PROCESS

We recommend a solicitation process that avoids a bid procedure but instead is akin to the negotiated approach preferred by the Asset Enhancement Branch of the Real Estate Division of the State Department of General Services. Because the objective is for Cal Expo to obtain the highest and most certain return within a reasonable time, it will be necessary to evaluate qualitative conditions that reduce buyer risks relating to such matters as financing, zoning, and permits. As a result, the solicitation will facilitate a selection process that is sufficiently flexible for Cal Expo to consider a buyer's price and ability to contribute to the preparation of the Cal Expo Master Development Plan (consistent with the guidelines and framework of the

redevelopment concept for private, non-fair development opportunities presented in this report) and other implementation tasks to create the highest and best use development using a policy criterion of “highest and most certain return.” The solicitation must elicit critical information from prospective buyers other than just price in order to provide a basis for a rational selection, including (1) similar projects that they successfully planned, entitled, financed, and built; (2) how their proposed use(s) are consistent with Cal Expo and other municipal objectives; (3) and the conditions they would require for closing escrow.

To implement the solicitation process, the following set of tactics may be accomplished:

- Prepare and distribute a marketing brochure to developers, institutions, and users identified in the course of the research and any entity that Cal Expo and its institutional partners believe may be interested. Advertisement of the request for offers and the availability of the marketing brochure and the bidder’s conference should be placed in local and regional trade papers, and local chapters of real estate associations should be notified of the opportunity;
- All respondents to the advertisements and other recipients of the brochure should also be informed of the date and time of the bidder conferences to provide information about the site, the availability of incentives if any, and the terms of the request for offers;
- Hold a bidder’s conference to inform would-be bidders of conditions, including environmental, planning, and physical conditions summarized in the report. The terms of the offer will be explained and questions answered. The closing date of accepting offers should be announced at the conferences and in all advertising and in the marketing brochure; and
- If offers are received they should be carefully evaluated as described below so as to select the offer that both meets Cal Expo’s objective of the highest most certain return.

EVALUATION AND SELECTION PROCESS

Upon receiving offers, we will evaluate each one with particular attention to the following variables:

- Financial terms, including the gross price, deposit, and participation offered;
- The time it is likely to take to satisfy all the conditions of closing escrow in order to be able to calculate the present value of the revenue Cal Expo will receive;
- The likelihood of receiving final approvals for the proposed use or uses;

- The advantages and disadvantages each interested buyer brings in helping to secure the entitlements or incentives and carrying out the proposed plan and use of development;
- The cost of the likely mitigation measures that would be necessary to build each proposed use (given these costs would likely be deducted from the gross price, directly or indirectly);
- Qualifications, including financial capability and experience; and
- Schedule of performance and key benchmarks and willingness to stand by those.

In order to avoid the large discount institutional and other buyers purchasing land for their own use would seek if they are not given sufficient time to plan, finalize entitlement and other approvals and conduct all due diligence activities, we recommend that Cal Expo could also consider accepting options to buy at a time certain for a minimum price. The initial option period would be for one year and require nonrefundable consideration to be determined. Cal Expo could agree to consider options that provide for the addition of one six-month period extension at a price to be included in the offerer's bid. If an option is awarded, the offeror should be required to turn over all work product to Cal Expo should the option to buy not be exercised at the end of the option period or periods.

CHAPTER VIII

FINANCING OF PUBLIC INFRASTRUCTURE

GOALS AND OBJECTIVES OF FINANCING STRATEGY

A financing strategy for infrastructure improvements for the Cal Expo property should satisfy the following criteria:

Cost-Effective

- The financing mechanism selected must be financially feasible and provide the most cost-effective method available for financing infrastructure improvements. The ability to service the annual debt service requirements must be demonstrated under prudent forecasts.

Politically Acceptable

- The financing mechanism selected must be acceptable to all political interests with influence over both the fair uses and renewal program and private uses designated for portions of the Cal Expo property.

Equitable Cost Allocation

- The costs of infrastructure improvements should be allocated in proportion to the benefits received. Any costs which benefit only specific parcels should be allocated to the developers/users of these parcels and costs should be allocated in proportion to the benefits received.

PUBLIC FINANCING OPTIONS

Potential funding sources and mechanisms could include the following:

Property Tax Increment

The optimal source of financing would be based on capturing the State's share of the incremental net new property tax or possessory interest tax generated by build-out of future private non-fair development on the existing Cal Expo site consistent with the Cal Expo Master Development Plan. The intent would be to use such revenue (either on a pay-as-you-go or debt basis) for financing planned expansion and upgrade improvements to the fairgrounds including buildings, facilities, infrastructure and improvements. This potential new source of revenue would require legislative authority from the State Legislature and approval by the State Fair Leasing Authority.

Special Assessment Districts and Community Facility Districts

Public financing options which permit interest to be capitalized for up to two years providing up-front capital for completion of infrastructure projects required at the beginning of the development program and lower interest rates due to the tax-free interest to bond holders are the primary advantages of the following public financing options.

- Special Assessment Districts and Landscape and Lighting Districts - Assessment districts formed under the Municipal Improvement Act of 1913 (Streets & Highways Code Section 10000 et seq.; the “’13 Act”) and bonds issued under the Improvement Bond Act of 1911 (Streets & Highways Code Sections 5000 et seq.; the “’11 Act”) or the Improvement Bond Act of 1915 (Streets & Highways Code Section 8500 et seq.; the “’15 Act”) are secured by special assessments. Assessment bonds place the burden of paying for improvements on those receiving special benefits from the improvements. Similar to Assessment Districts are Landscape and Lighting Maintenance Districts which are administered through the Landscape and Lighting Act of 1972. Landscape and Lighting Districts provide for the construction and maintenance of appurtenant features, including curbs, gutters, walls, sidewalks, paving, irrigation and drainage facilities.

In some cases, special assessments are not sufficiently flexible or comprehensive because of the limited authorized uses for the assessments (bonds issued under an Assessment District may only be used to finance physical improvement such as streets, water lines) or the fixed nature of the assessments (such that assessments cannot be adjusted to reflect changing land use in the District, and assessments cannot be increased to compensate for delinquencies).

- Community Facilities Districts - In response to the limitations of Special Assessment Districts, the California Legislature adopted the Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311 et seq.; the “Mello-Roos Act”), which has become a commonly-used method of financing infrastructure for new development. A Community Facilities District (“CFD”) administered under the Mello-Roos Act may be used to finance the physical improvements as well as administrative and operating costs of the CFD. The boundaries of a CFD may exclude developed parcels or parcels not designated for development. The amount of the special tax is based upon a lien against the property. The tax need not be apportioned on the basis of direct benefit. Because of the absence of a requirement of a direct benefit, Mello-Roos levies may be used to fund improvements bestowing general benefits such as schools, public safety, libraries, parks, and improvements that benefit specific properties. A CFD may be initiated by the legislative body or by property owner petition and must be approved by two-thirds majority of either property owners or registered voters, if more than 12 registered voters reside in the area.

Whether under the ’15 Act or the Mello-Roos Act, the funding strategy is basically the same: a municipality, county, or school district, responds to the interest of local property owners (typically, a single or handful of developer-landowners such as Cal Expo) and creates a community facilities district (in the case of the Mello-Roos Act) or an assessment district (in the case of the ’15 Act) for the purpose of financing needed infrastructure. Once the district is formed, the local government entity issues bonds to

pay for the infrastructure at interest rates that reflect the tax-exempt status of the interest under federal and state income tax laws. The government entity pays debt service on the bonds, but usually does so as indicated above from only two sources of revenue:

- (1) Special taxes and assessments (special taxes in the case of the Mello-Roos Act) or assessments (in the case of the '15 Act) paid by property owners in the district.); and
- (2) Foreclosure. (If the property owner is unable to pay its special tax or assessment obligation, the government entity may foreclose on the property owner's land in the district). The local government issuer usually has no legal responsibility to pay debt service on the bonds except from the revenue stream pledged to their repayment.

FEDERAL, STATE AND LOCAL GRANT AND LOAN PROGRAMS

Programs can be pursued to assist in funding of future public improvements, services and facilities with a focus on infrastructure (water, sewer, etc.), transportation (streets, transit, bikeways, etc.), energy / renewal resources, parks / open space, etc. Examples include:

Infrastructure State Revolving Fund (ISRF) Program (I-Bank)

- The ISRF is a source of low-cost, long term infrastructure financing available to local government entities from the California Economic Development and Infrastructure Bank. Funding is available to finance a variety of public infrastructure projects including streets /roadways; water treatment and distribution; drainage, water supply and flood control; power and communication facilities; solid waste collection/disposal; environmental mitigation measures; and parks/recreation facilities. Eligible applicants include cities, counties, special districts, assessment districts, joint powers authorities, and redevelopment agencies.

State Infill Infrastructure Grant Program (California Department of Housing and Community Development)

- This program provides competitive grant funding for infrastructure improvements to facilitate new residential development in residential or mixed-use projects in infill areas. Funding is for capital projects including but not limited to parks or open space; water, sewer or other utility service improvements; streets, roads, parking structures or transit linkages and facilities; pedestrian or bicycle transit facilities; traffic mitigation. Eligible applicants include cities, counties, housing authorities, redevelopment agencies, and non-profit or for-profit developers of qualifying infill projects.

LOCAL IMPACT FEES

Private development within the City of Sacramento are subject to various development impact fees including, but not limited to water development fee, sewer development fee, park

development impact fee, and park dedication/in-lieu (Quimby Act) fee. As part of the governance and entitlement process reviewed above, Cal Expo and the City of Sacramento should consider allocating the development impact fees generated by the private non-fair development on the Cal Expo site to pay for corresponding improvements to support the implementation of the Cal Expo Master Plan. In that way, the applicable development impact fees would be used for their intended purpose, but used in the areas from which the fee revenue is generated.

Water Development Fee – This fee is charged on all projects which require a new water tap or increase in size of an existing tap, and is used to fund the development of new water mains and water treatment facilities.

Sewer Development Fee – This fee is charged on all projects which require a new sewer tap or increase in size of an existing tap, to fund development of new sewer mains and lines.

Park Development Impact Fee– This fee is assessed on all new construction of residential, retail, office or industrial uses; and is used to fund park and recreation facilities.

Park Dedication / In-lieu (Quimby Fees) / Park Development Impact Fee – This fee applies to residential subdivision projects and may be collected either in-lieu of or in combination with land dedication. The fees are used to fund acquisition, improvement and expansion of park and recreational facilities.

PUBLIC-PRIVATE PARTNERSHIP FINANCING

California Communities Joint Powers Authority

California Statewide Communities Development Authority (“California Communities”) is a joint powers authority that provides local governments and private entities access to low-cost, tax-exempt financing for projects that provide tangible public benefit, contribute to social and economic growth, and improve the overall quality of local communities. Public agency programs under California Communities include:

- Cal Lease – loan financing for equipment and real estate provided by various funding institutions through master lease agreement with each respective local agency;
- Statewide Taxable American Recovery Bonds – as part of American Reinvestment and Recovery Act of 2009 (“ARRA”) Recovery Zone Economic Development Bonds and Build America Bonds provide loan financing through taxable bond proceeds for public infrastructure and facilities (new construction or rehabilitation);
- Statewide Community Infrastructure Program – loan financing program enabling developers to pay most impact fees and finance public improvements through tax-exempt

bond proceeds using acquisition agreements under the 1913 / 1915 Act (excluding school impact fees); and

- Water / Wastewater – loan financing or refinancing of public capital improvements (\$250,000 to \$50.0 million) to water, wastewater and sewer facilities through pooled revenue bonds.

Developer Financing

Direct developer/merchant builder financing may be used to contribute towards backbone improvements and facilities, shortfall financing and/or in-tract development improvements.

CHAPTER IX

FUNDING TO ADVANCE PRIVATE DEVELOPMENT PLANNING

INTRODUCTION

This chapter presents preliminary information regarding potential programs to help fund Cal Expo's costs of predevelopment activities related to advancing the planning (including environmental review) for the proposed private non-fair development. Cal Expo's consulting team has contacted various federal, state, regional, and other organizations to identify planning grant funding programs potentially applicable to Cal Expo's efforts related to preparation of the Cal Expo Master Development Plan (specifically Task 2, 3 and 4 identified in the development approach dated December 2010). The specific organizations contacted included:

- US Economic Development Administration
- US Department of Housing & Urban Development
- California Strategic Growth Council
- California Department of Housing & Community Development
- Sacramento Area Council of Governments
- Sacramento Metropolitan Air Quality Management District
- Local Government Commission
- Great Valley Center

As a result of this effort, Cal Expo's consulting team has identified certain planning grant programs that Cal Expo might pursue to seek funding for preparation of the Cal Expo Master Development Plan, including the related environmental review pursuant to the CEQA. These programs are briefly described below. The availability of these programs to Cal Expo's private development planning efforts will depend on whether there are future allocations of funding for these initially identified programs.

POTENTIAL SOURCES

SACRAMENTO REGIONAL AIR QUALITY AND INFILL STREAMLINING PROGRAM (SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT)

This is a competitive grant program that provides assistance to local jurisdictions within the Sacramento region to implement infill development and related smart growth strategies, facilitate community planning projects in infill locations, and to improve air quality through land use measures that help reduce vehicle miles traveled. The program provides technical assistance for selected community planning proposals in infill locations, which meet criteria for improving regional air quality, and which promote smart growth principles that support California's Sustainable Communities and Climate Protection Act of 2008. Examples of technical assistance include, but are not limited to: (a) corridor revitalization planning; (b) redevelopment planning;

(c) transit oriented development (TOD) planning; (d) pedestrian planning; and (e) streetscape improvement planning.

The Cal Expo Master Development Plan (land use, entitlement, and environmental review) process could potentially meet the program’s criteria, and is consistent with the types of technical assistance examples listed above. The maximum funding (\$100,000) amount would only fund a portion of the overall cost of preparing the land use entitlements and related environmental review; however, this amount could still be very helpful to Cal Expo’s efforts.

Eligible applicants for this program are any governmental agency with land use planning jurisdiction that is within the Sacramento Federal Nonattainment Area (SFNA) or Sacramento Area Council of Governments (SACOG) region. Therefore Cal Expo would need to collaborate with the City of Sacramento and/or Sacramento County on any application for funding.

SUSTAINABLE COMMUNITIES PLANNING GRANT AND INCENTIVES PROGRAMS (CALIFORNIA STRATEGIC GROWTH COUNCIL)

As mandated by Proposition 84 of 2006, this grant program is intended to help foster the development of sustainable communities throughout California; and is designed to help local governments meet the challenges of adopting land use plans and integrating strategies in order to transform communities and create long-term prosperity. The primary goal of the grant program is to develop and implement plans that reduce greenhouse gas emissions.

The intent of the Local Sustainable Planning focus area is to “support the development and implementation of effective and / or innovative local plans that support the State’s AB 32 GHG emission reduction targets and implement SB 375, while creating sustainable communities. Examples of eligible proposals include: (1) Specific Plans/Infill Plans/Zoning Ordinances; (2) Climate Action Plans; (3) Targeted General Plan Updates/Elements; and (4) Other implementation instruments and plans needed to successfully meet AB 32 GHG emission reduction targets and implement SB 375, while creating sustainable communities.

It appears that the Cal Expo Master Development Plan activity could be an eligible proposal under items 1 and 3 above. Eligible applicants for the Local Sustainable Planning focus area are cities and counties – therefore Cal Expo would need to collaborate with the City of Sacramento and/or Sacramento County on any application for funding related to the Cal Expo Master Development Plan activities.

CEDA PLANNING PROGRAM AND LOCAL TECHNICAL ASSISTANCE PROGRAMS (ECONOMIC DEVELOPMENT ADMINISTRATION UNITED STATES DEPARTMENT OF COMMERCE)

Grant-based investments are provided under this program to help communities develop the planning and technical expertise to support communities and regions in their comprehensive, entrepreneurial and innovation-based economic development efforts. Under the Planning

Program EDA provides assistance to eligible recipients to create regional economic development plans in order to stimulate and guide the economic development efforts of a community or region.

EDA seeks to fund applications that address and achieve the following basic investment policy guidelines and priorities: (1) encourage job growth and business expansion while promoting technology, environmentally sustainable development, support to small and medium-sized businesses, global competitiveness, commercialization of research or responses to economic dislocation; (2) strengthen communities that have suffered disproportionate economic / job losses or long-term economic distress and/or rebuilding to become more competitive; and (3) demonstrate a high return on EDA's investing by demonstrating that the project will likely stimulate economic development by demonstrating a high probability of leading to actionable projects

In order to meet the criteria for this funding program some of the focus of the Cal Expo Master Development Plan would need to be on the economic development aspects of the expanded/upgraded fairground facility and the planned private non-fair development – particularly related to job growth. Eligible applicants for this program include states, cities, or other political subdivisions of a state, including special purpose units of a state or local government engaged in economic or infrastructure development activities. Therefore, Cal Expo would need to collaborate with the City of Sacramento and/or Sacramento County on any application for funding related to the Cal Expo Master Development Plan activities.

SUSTAINABLE COMMUNITIES REGIONAL PLANNING GRANTS

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

The program supports metropolitan and multijurisdictional planning efforts that integrate land use, economic and workforce housing development, transportation and infrastructure investments in a manner that empowers jurisdictions to consider the interdependent challenges of: (1) economic competitiveness; (2) social equity, inclusion and access to opportunity; (3) energy use and climate change; and (4) public health and environmental impact.

The program places priority on investing in partnerships that translate the livability principles into strategies that direct long-term development and reinvestment, demonstrate a commitment to addressing issues of regional significance, utilize data to test and monitor progress toward performance goals, and engage stakeholders and citizens in meaningful decision-making roles. The goals of the program are: (1) foster development of sustainable communities; (2) support metropolitan areas that commit to adopting integrated plans, strategies and management tools to become more sustainable; (3) facilitate strong alliances of residents and regional interest groups to maintain a long-term vision for a region over time; (4) build greater transparency and accountability into planning and implementation efforts; (5) expedite implementation of livability principles through changes in zoning, land use laws and regulations that remove barriers to sustainable development; (6) align local, state and tribal capital improvement

programs with livability principals; and (7) assist all regions to move toward sustainability and livability

In the initial funding round the Sacramento Area Council of Governments (SACOG) was awarded \$1.5 million for planning activities to integrate the housing, land use and transportation components of the existing regional sustainable development plan (SACOG Blueprint). In order for Cal Expo to pursue this funding program it would need to do so as part of a consortium of entities that includes the Sacramento Area Council of Governments (SACOG). If there is a subsequent funding cycle it appears that the Cal Expo Master Development Plan could meet a number of the funding program goals and criteria as described above under Program Description and Purpose.

Cal Expo Renewal Project California Exposition & State Fair

**A Presentation to the
Board of Directors
of the
California Exposition and State Fair**

June 24, 2011

A. Plescia & Co. * Gruen Gruen + Associates * RCH Group

Background

Cal Expo Development Plan Alternatives Analysis – September 2010

- Conclusion – Existing fairground facility remains principally in tact; feasibility of disposition / reuse of portion of existing Cal Expo site for private non-fair development
- Opportunity for Cal Expo to enhance / monetize value of certain portions of existing site suited for private non-fair development / uses
- Revenue from disposition of private non-fair development areas used to finance upgrade, expansion and modernization improvements to fairgrounds
- Phased / incremental approach to improving facility over time based on receipt of revenues (land disposition, other); control timing of disposition / improvements

Initial Concept for Redevelopment and Upgrading of Existing Cal Expo Site

September 2010




Cal Expo Renewal Project

Strategic Asset Enhancement Plan Process

California State Fair & Exposition

Implementation of Asset Management and Property Disposition Strategy

TASK 1	TASK 2	TASK 3	TASK 4	RESULTS
POSITION SURPLUS PROPERTY TO GENERATE HIGHEST OBTAINABLE VALUES	IMPLEMENT DISPOSITION MARKETING PROGRAM	REVIEW PROPOSALS AND MAKE DEVELOPER SELECTION	NEGOTIATE AND MONITOR CONTRACTS	CLOSE ESCROW AND COLLECT PURCHASE PRICE
<p>Obtain Funds to Advance Pre-Development Activities</p> <p>Conduct Site Due Dilligence</p> <p>Conduct Stakeholder Outreach</p> <p>Refine Land Use Program and Conceptual Redevelopment Plan</p> <p>Identify Financing Sources</p> <p>Recommend Marketing, Approvals and Disposition Strategy</p>	<p>Test Market Development Options</p> <p>Begin / Refine Marketing Program</p> <p>Prepare Offering Solicitation</p> <p>Prepare Supplemental Information Package</p> <p>Project Web Site Design</p> <p>Prepare Advertisements</p> <p>Contact Likely Interested Parties</p> <p>Bidder Conferences / Property Tours</p>	<p>Compare and Review Proposals</p> <p>Recommend One or More Potential Buyers / Developers / Users</p> <p>Criteria:</p> <ul style="list-style-type: none"> - Price and Participation Offered - Time Expected to Satisfy Conditions of Closing Escrow - Likelihood of Receiving Land Use Approvals - Advantages / Disadvantages in Helping to Secure Entitlements - Cost of Potential Mitigation Measures 	<p>Negotiate Purchase and Sale Agreement on Behalf of Cal Expo</p> <p>Coordinate with State DGS</p> <p>Negotiate and Execute Other Agreements Related to Land Use Approvals and Funding (i.e. Development Agreement)</p> <p>Monitor Compliance with Terms and Conditions of Contracts</p>	<p>Collect Dollars</p> <p>Fund Modernization Improvements</p>
ENVIRONMENTAL PROCESSING AND APPROVALS				

Cal Expo Board Approved Project Goals

- Protect traditions / cultural heritage
- Achieve Board adopted legislative goals
- Maintain open / transparent process
- Identify / position surplus property to generate highest values
- Protect / grow \$200 million investment
- Support business plan for growth in fair / interim event attendance
- Refine strategic development plan
- Identify funding for marketing / disposition strategy
- Identify phasing program for renewal / modernization
- Complete process for disposition of surplus property; construct improvements
- Identify long-term financing strategy for maintenance

Key Points of Presentation

1. Present revised / refined conceptual redevelopment plan based on physical site due diligence, updated real estate market conditions / property values, and stakeholder / developer outreach
2. Present recommended land use entitlement and governance approach appropriate to the uniqueness of Cal Expo
3. Present recommended market and property disposition strategy
4. Request Board endorsement to complete conceptual redevelopment plan and Task 1 scope of work based on presented recommendations

Work Completed

- Evaluation of physical site constraints e.g. water, sewer, drainage, flood / hydrology, traffic / circulation
- Refined / confirmed fairground program requirements
- Updated market research to determine market support / opportunities for private land uses (retail, residential, etc.) and related property values
- Prepared conceptual redevelopment plan for improving existing Cal Expo site for Cal Expo / State Fair and potential private non-fair development / uses
- Identified proposed land use entitlement concept for private non-fair development / uses
- Identified potential funding sources to advance planning for private non-fair development

Refined / Revised Conceptual Overall Site Redevelopment Plan

The costs to mitigate the flood potential naturally establishes a framework for non-fair development on the west side and fair development on the east



Refined / Revised Plan Reflects Results of Due Diligence

- **Easements and Restrictions** – Some public utility easements need to be respected (Natomas Interceptor, pump stations) while others in the western portion of the site need to be relocated to accommodate new development.
- **Adjoining Uses** – Adjoining uses are for the most part compatible with all proposed land uses (both fair and non-fair)
- **Environmental Conditions** – Lands to the north of the levee are for the most part free of known environmental constraints. Subsequent environmental analysis will be required for non-fair development proposals to assess any hazards or risks associated with the level and intensity of proposed development
- **Flood / Hydrology** – The site is subject to flood potential from three separate sources.

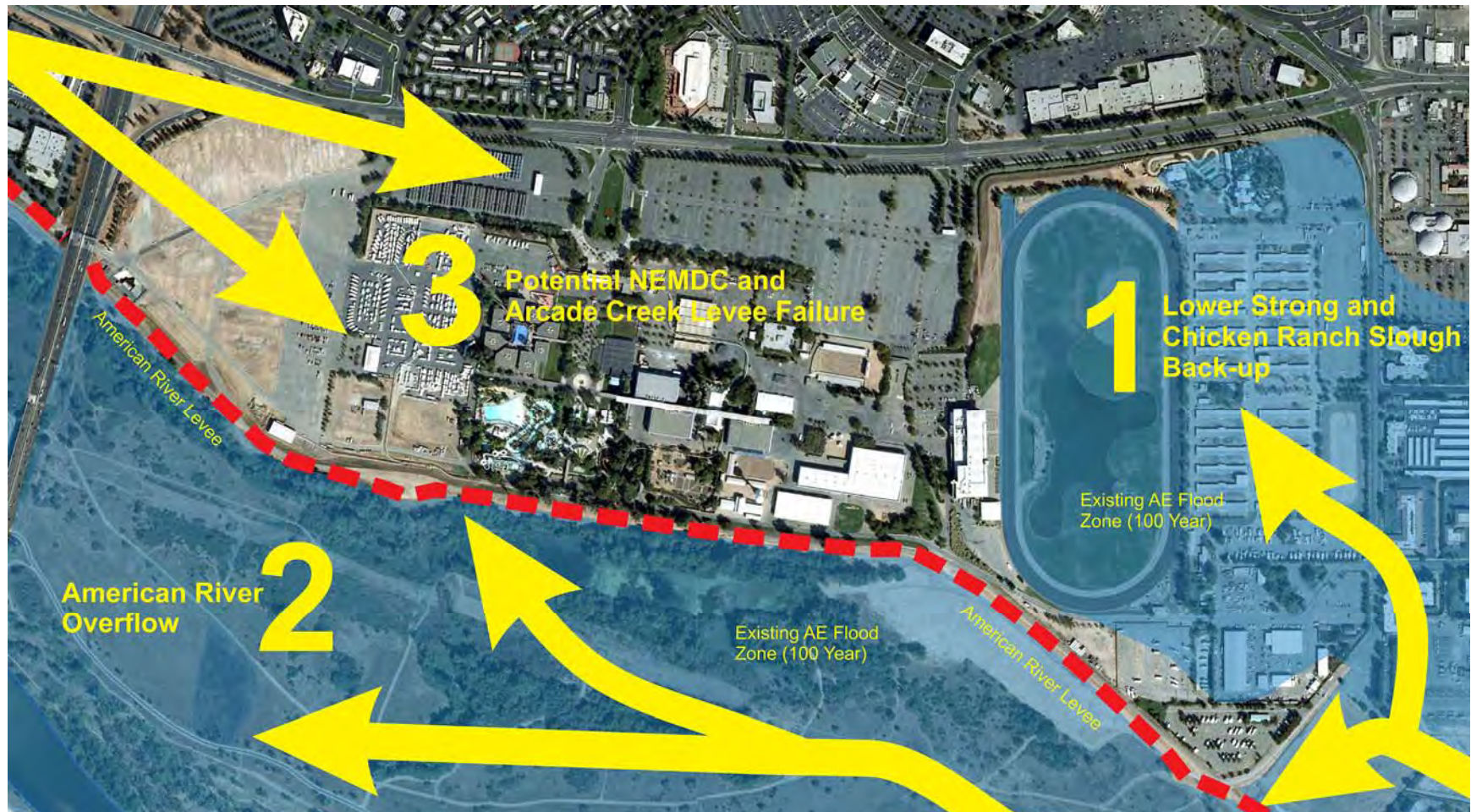
Utilities / Easements

Utilities providing service to Cal Expo are both public and private and for the most part can either be worked around, are easily moved or will need to be augmented as a normal part of development.



Flood Potential

The potential for flooding comes from three independent sources.



East Side Flood Potential

Additional pumping required to take 12 acres out of floodplain at a cost of +/- \$30M with the need still remaining to detain over 500 acre feet of water.



Flood Potential West with Mitigation

Additional pumping required to take most of the land out of floodplain at a cost of +/- \$3.5M with the need to detain over 50 acre feet of water.



Flood / Hydrology Conclusions

- Flood potential requires mitigation for all new development (both fair and non-fair)
- Mitigation required for the east area of the fair is far more expensive and than the west side
- Fair uses are far more adaptable land uses, as they have various levels of development and are not inhabited on a full time basis
- Much of the area currently subject to flooding in the eastern portion of the fair can be used for both parking and detention
- Interviews with likely developers (both retail and residential) did not show a preference for one side of the fair versus the other
- Non-fair development proposals should be concentrated on the western portion of the fair

Physical Site Summary

- **Utilities and Services** – Utilities are adjacent to the site and appear to have adequate capacity to accommodate future development, with only minor improvements currently anticipated for any required upsizing.
- **Traffic and Circulation** – Local streets appear to have adequate capacity to accommodate new development. Some streets may require some additional widening (Ethan Way for example) and some of the existing signals may need to be re-synchronized. Business 80 (Capitol City Freeway) currently operates at a level of service F with the potential need for new development to participate in roadway and interchange improvements of a pro-rata basis (regional participation).
- **Flooding** – Flood potential appears to be the most important and costly issue effecting development of the site.

Refined / Revised Conceptual Overall Site Redevelopment Plan



Conceptual Redevelopment Plan Fairgrounds Core Area



Conceptual Redevelopment Plan Fairgrounds Core Area



Comparison of Essential Elements of Existing Versus Refined / Conceptual Redevelopment Plan

<u>Facilities</u>	<u>Current</u>	<u>As Planned</u>
Exhibition Buildings	± 177,000 sf ¹	± 300,000 plus sf ²
Indoor Livestock	± 98,000 sf	± 98,000 plus sf
Covered Livestock	± 28,000 sf	± 65,000 sf ³
Multi-Use Open Space	± 30 ac	± 35 ac
Farm / Forestry Center	± 5 ac	± 5 ac
Rodeo	Outdoor Ring (120 X 260)	Covered Ring (120 X 300)
Music Venue	The Cove (4,100 Seats)	New Amphitheater (10,000 Seats)
Satellite Wagering	± 35,000 sf	± 35,000 sf ⁴
Police	± 8,000 sf	± 8,000 sf
Office / Administration	± 30,000 sf	± 50,000 - ± 60,000 sf ⁵
Parking	± 96 ac	± 130 ac
Overflow Parking	± 9.6 ac	± 9.6 ac
RV Park	± 4.5 ac	± 4.5 ac
Maintenance	± 7.0 ac	± 7.0 ac
Flex / Raging Waters	± 10.0 ac	± 10.0 ac

¹ Includes Buildings A, B, C, D and Expo Center

² Includes combination of Buildings A, B and new / rehabilitated construction

³ Includes flexible covered outdoor space, new stables and other support uses

⁴ Could ultimately be housed in one of the new exhibition buildings

⁵ Could ultimately be housed in one of the new exhibition buildings

Illustrative Redevelopment Plan Phasing



Illustrative Redevelopment Plan Phasing



Illustrative Redevelopment Plan Phasing



Illustrative Redevelopment Plan Phasing



Private Non-Fair Development

- **Real estate market conditions update**
 - Followed up with capable residential and retail developers and reached out to an institutional user
 - Each expressed strong interest in making offers to buy land allocated for non-Fair uses
 - Confirmed reasonableness of initial base land value estimates

Private Non-Fair Development



Private Non-Fair Development

- **Location Placement Influences Values of Private Non-Fair Opportunities**

Retail – Likely to obtain strong values and interest given limited available retail sites in area for larger users and strength of location for retail uses; ideally locate on west side for frontage and visibility

Residential – Highest values obtainable on southwest part of site to link to image of urban fiber in Mid-Town Sacramento and locate away from freeway; should be buffered from Fair use and east side

Restaurants or Hotel – Would be user-driven; west side location likely to be preferred to visibility to highway but should be quality development to enhance desirability of residential uses

Institutional – User prefers layout on west side of site for access/visibility

Private Non-Fair Development

- **Gross Values (Before Appreciation and Participation Potential)**

Estimated at total of \$63+ million for 125 acres

Retail - \$15 psf land value up to \$20-\$25 psf for big box users

Residential \$10 psf land value

Institutional- TBD but expected to exceed residential values

- **Implications of flood-related mitigations**

Will not change gross value but will be deduction for up-front costs of \$845,000 - \$5,000,000 depending on solution for west end flood plain modification and \$4,300,000 for east end flood plain modification

- **Net property values**

Estimated at \$55 million to \$60 million after deduction of \$3.4 - \$9.3 million for infrastructure (i.e., floodplain); *a difference of up to 5% to 15%*

Land Use Entitlement Concept

Typical Approach

- Local government approval of proposed land use plan (e.g. Specific Plan), specific development project(s), and related environmental review (CEQA)

Uniqueness of Cal Expo

- State (public) fair use to continue on majority of the site (State-owned)
- Cal Expo generates significant economic, fiscal and social benefits to Sacramento, region and State of California
- Cal Expo Board is diverse stakeholder organization with interest / motivation and ability to achieve economically successful California Exposition & State Fair

Land Use Entitlement Concept

Recommended Entitlement Process

- Cal Expo prepares Master Development Plan (fairgrounds / private non-fair development; approved by Cal Expo Board of Directors in conjunction with City of Sacramento and other institutional partners
- Cal Expo lead agency for purposes of environmental review (CEQA) re: Plan approval / consideration of specific proposed private development
- Master Development Agreement (Cal Expo / City) for vesting of development rights for private non-fair development
- Cal Expo serves as regulator in terms of lands use approvals for specific proposed private non-fair development
- City of Sacramento responsible for subdivision approvals / building permit issuances; review / comment on specific proposed private non-fair development

Marketing Disposition Strategy

- Competitive negotiation process based on policy criteria of “highest and most certain return”
- Reduce entitlement risk to Buyers / Users and reduce due diligence costs and time
- Establish floor value through market research, planning, engineering, traffic and environmental studies to prepare and obtain approval of Cal Expo Master Development Plan and environmental certification

Marketing Disposition Strategy

Reduce Risk to Increase Obtainable Value:

- Buyer(s) development plans approved prior to closing escrow
- Buyer(s) put up substantial deposit
- Cal Expo and Buyer's) jointly proceed to complete planning and entitlement process

Advantages to Cal Expo:

- Direct input into type and timing of private non-fair development
- Time market opportunities to dispose of land
- Capitalize on asset appreciation

Policy Recommendation

Recommendation: Cal Expo Board of Directors endorse completing conceptual redevelopment plan and Task 1 scope of work based on presented recommendations

Next Steps

- Consulting team to complete Task 1 scope of work
- Report to Cal Expo Board of Directors – August 26, 2011

APPENDIX 2

PHYSICAL SITE CONDITIONS

INTRODUCTION

This appendix summarizes the results of the site conditions assessment.

EASEMENTS AND RESTRICTIONS

Various existing utilities are located on the site within identified easements, both public and private, that will either need to be retained, relocated or abandoned based upon the direction redevelopment activities take. Attachment 1 pictorially displays the schematic locations of existing major utility lines and related easements on the property.

For the most part, major public easements associated with water, sewer, and drainage facilities are located within either Exposition Boulevard or Lots A, B and C. Many of these can probably be retained (not moved) in planned redevelopment schemes by the careful placement of new roads, parking, and landscape areas over them. This, however, is not the case with the myriad of lines in the western most part of Lot A that will likely require relocation given the nature of private non-fair development activities planned for that area of the site. Easement relocation costs in the western most part of Lot A is anticipated to be approximately \$2.6 million. An existing additional 40-foot easement associated with a 42 - 48 inch drain line will also likely require the most western leg relocated due to redevelopment activities. The major 72" - 78" Interceptor trunk line (20 foot easement) bisecting the site easement will need to be respected given the high costs associated with relocation.

Most of the private lines (easements) within Cal Expo (water, sewer, drainage, fiber-optic, and electrical) are localized in nature and will be either abandoned (removed), reconfigured, replaced, or augmented over time as Cal Expo redevelops.

OTHER ADJOINING USES

Land uses surrounding Cal Expo provide for a mostly compatible array of activities that allow for the site to function as a major regional attraction. Adjacent retail activities which make up the bulk of surrounding land uses, are focused more so on the Arden Way/Howe Avenue corridors. A mix of office and high density residential lie to the north of the site across Exposition Boulevard. Land uses to the south of the site involve the American River Parkway which is deed restricted for mostly habitat and resource management.

Surrounding roadways, for the most part, act as physical barriers between Cal Expo and surrounding land uses providing an additional layer of separation between Fair and non-fair uses.

UTILITIES AND SERVICES

Sewer

The Sacramento Regional County Sanitation District (“SRCSD”) provides regional wastewater conveyance and treatment services to residential, industrial, and commercial customers throughout unincorporated Sacramento County, and the cities of Citrus Heights, Elk Grove, Folsom, Rancho Cordova, Sacramento, and West Sacramento.

Regional wastewater collection facilities within Cal Expo include a 72 to 78 inch interceptor (20 foot easement) that basically bisects the property from east to west. Entering the site at the south east corner (Arden Pump Station) of the property, the trunk line runs parallel to the American River levee before it turns to the northwest trending between the Livestock Pavilion and the Grandstand. Once within Lot D, the line flows west through lots D, C, B and A before it crosses under Business 80 for points north and ultimate connection with the Regional Treatment Plant in Elk Grove.

An additional 33 inch trunk line parallels Business 80 in Lot A containing flow from the Arden Fair area. This flow is collected at Sump No. 2 and then transported back to the 78 inch regional trunk line via a 24 inch gravity flow line.

Localized wastewater collection facilities consist of a line paralleling the regional interceptor through Lots A-D varying in size from 24 inch near Sump No 2 to 12 inch near Gate D. Flow from Cal Expo enters this line at 4 points via 10 inch lines. On-site collection facilities are private.

The 24 inch trunk line in Cal Expo is currently operating at roughly half of its estimated capacity.¹² Based upon planned General Plan uses for the Point West/Cal Expo area, the current wastewater collection system should have sufficient capacity to accommodate planned development, with the normal caveat that some lines may need to be either moved or upsized.¹³ Numerous points of connection exist where new tie-ins to the existing or upgraded lines can be made. The most significant constraint associated with the current wastewater collection system are the easements associated with these facilities; a significant number of which occur in the western part of Lot A next to Business 80. Most of these easements are associated with large trunk lines that could be costly to relocate resulting in the likelihood that they will have to be respected and planned around.

Water

Cal Expo operates an internal water system supplied by four wells at various locations around the site. The system is looped with pressure provided by the water tower to the west of the

¹² Current flow estimate of 2.56 mgd (2008) versus a line capacity of 4.13 mgd

¹³ City of Sacramento General Plan Update 2030 Focus Opportunity Areas Utility Analysis Technical Memorandum; Nolte, February 2008

livestock pavilion. If needed, the site can tap into the City of Sacramento system via a 14 inch line and associated valve in Lot D near the entrance to the administration building.

Domestic water for purposes other than fair use will be provided by connection to the City of Sacramento's 12 inch main in Exposition Boulevard. A 12 inch main also crosses the most eastern portion of the property connecting to an additional well west of Business 80. Domestic water service to Sacramento County lands to the east of the site (east of Ethan Way) is provided by Cal American Water Company.

The existing water system found within the Point West/Cal Expo area has sufficient capacity to accommodate planned development.¹⁴ Numerous points of connection within Exposition Boulevard exist to make new tie-ins to the existing lines. The most significant constraint associated with the current water system involves the easement in Lot A, that in association with sewer and drainage easements make the area difficult to plan around.

Electricity and Gas

Cal Expo utilizes a private distribution system for fair use with outside power provided by the Sacramento Municipal Utilities District ("SMUD"). SMUD has a 20 MW sub-station at Ethan Way and Hurley Way which is capable of being upgraded to supply more power to Cal Expo. SMUD substations operate at Evergreen and Royal Oaks Drive as well as at Arden Way at Point West which has the potential to be doubled in capacity if needed. Multiple transformers and switches are on site, connected by conduits of 6 inch mains and 4 inch local feeds.

Natural gas is provided to Cal Expo by Pacific Gas & Electric ("PG&E"). The utility has a 4 inch gas line stubbed 635 feet in from Exposition Boulevard, 1,140 feet east of Heritage Lane, and another stubbed to an area just to the north of the existing race track. A 2 inch line extends from Exposition Boulevard along Ethan Way, stubbed south to the Century Theatre complex.

No foreseeable problems are associated with the ability of either SMUD or PG&E to accommodate the needs of planned development. Natural gas lines can be extended to the interior of Cal Expo, and except for the line in Ethan have adequate pressure. However, if any of the future commercial uses might plan to use fuel cells for electrical power generation, the pressure in the nearby gas lines may need to be increased.

¹⁴ City of Sacramento General Plan Update 2030 Focus Opportunity Areas Utility Analysis Technical Memorandum; Nolte, February 2008

TRAFFIC AND CIRCULATION

Circulation

Major roadways surrounding the Cal Expo site include the following:

- Exposition Boulevard - a six-lane, median-separated arterial with signalized intersections at Heritage lane and Challenge Way. The intersection of Response Road with Exposition Boulevard involves right-in right-out pockets for both east and west bound traffic controlled by a median;
- Exposition Boulevard provides direct access to west bound Business 80 via an on-ramp directly west of the fairgrounds. East bound Business 80 travelers need to cross the freeway and make a right turn on Tribute Road before finding an on-ramp for points east;
- Ethan Way - a four-lane arterial with a signalized intersection at Hurley Way. An uncontrolled left turn lane occurs at Hallmark Drive; and
- Interstate 80 (Business 80) - a multi-lane roadway part of the interstate highway system. The interchange with Exhibition Boulevard consists of east and west bound off-ramps and a west bound on-ramp. Travelers heading east need to access I-80 from an on ramp via Tribute Road.

Overall, the circulation system surrounding Cal Expo provides for good access to the property from multiple points of ingress and egress. The circulation system also provides for good regional access from a freeway interchange with Business 80 at Exposition Boulevard. City of Sacramento transportation engineers have indicated that levels of service are sufficient to meet current and likely future needs, with only minor improvements likely required as conditions of approval on individual projects. Likely limited improvements involve items such as recalibrating traffic signals, adding turn pockets, and other such minor measures

Transit

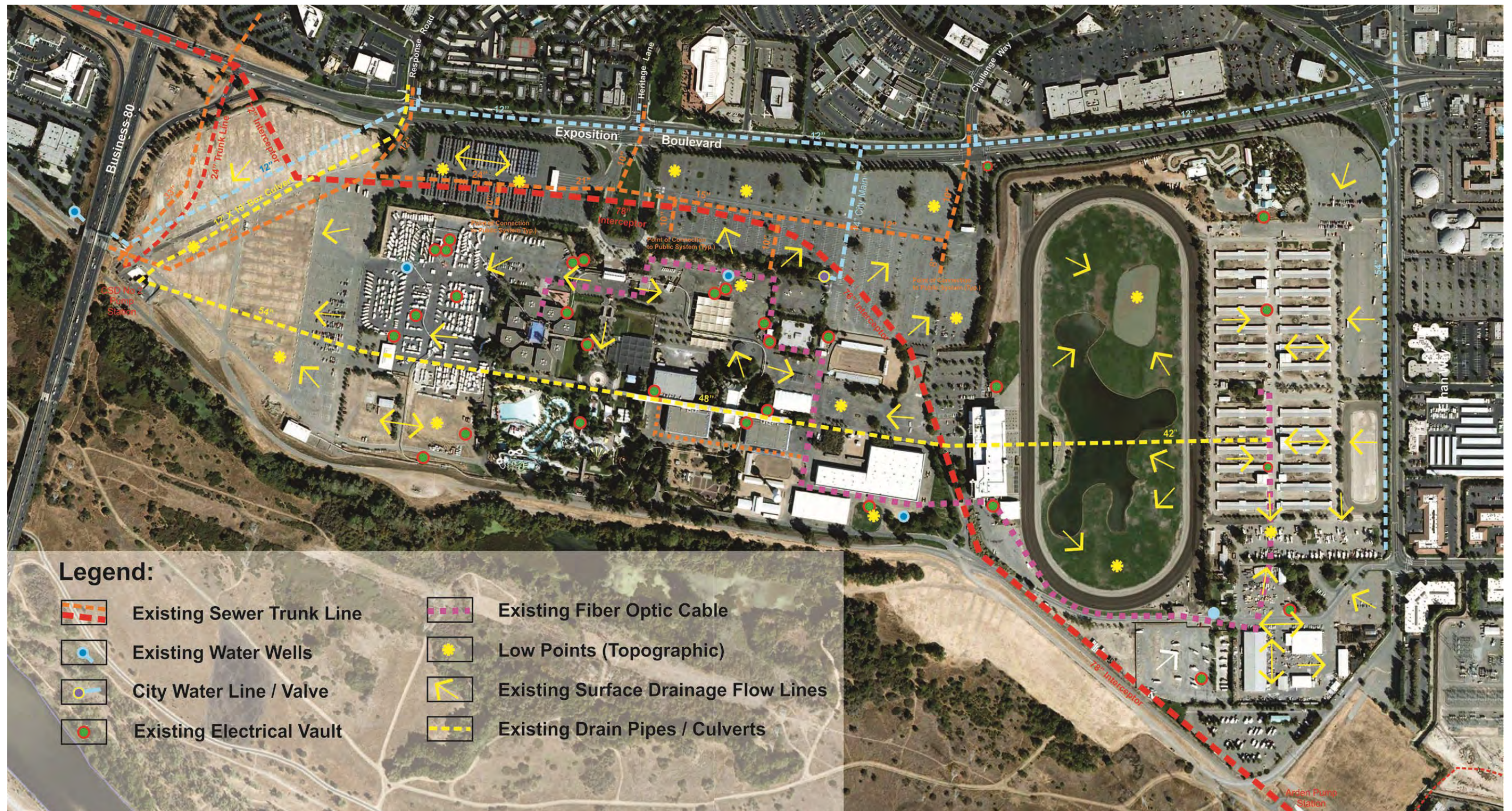
The Sacramento Regional Transit District (“RT”) provides public bus service to the Point West area via the Number 22 bus route with scheduled stops along both Arden Way and Challenge Way. Route 22 currently provides one-half hour service stops on weekdays and Saturday from approximately 7:00 am to 9:00 pm. There is no scheduled service on Sundays and holidays.

During the annual State Fair, RT currently provides a limited number of \$2.00 discount general admission coupons that can be acquired from RT’s Customer Service and Sales Center on RT’s Administration Offices in Downtown Sacramento. They also currently reroute some of the buses to pick-up and drop-off people at the Main Gate.

There are no future plans for the extension of light rail service into the Point West area. The closest existing light rail transit station is the Swanston Station located approximately 3/4th of a mile northeast of the Cal Expo site.

OFF-SITE INFRASTRUCTURE

All utilities are generally adjacent to the site and appear to have adequate capacity to accommodate future non-fair development. Minor improvements, such as upsizing and line relocation, will likely be required to accommodate new development. Such improvements are considered a normal aspect of the development process.



ATTACHMENT 1: SITE SUMMARY

Cal Expo Renewal Project

DRAINAGE/FLOODING FEASIBILITY STUDY

DRAFT

**CITY of SACRAMENTO/
SACRAMENTO COUNTY, CA**

AUG 3, 2011

Prepared By:



**CIVIL ENGINEERING
SOLUTIONS INC.**

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JOB # 2011.01



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I. Introduction:

I.A Project Description and Background Information

The existing Cal Expo site is bounded by Interstate 80 (Business Loop) on the west, The American River on the south, Ethan Way on the east, and Exposition Blvd to the north. The property includes roughly 340 acres. Portions of the property are developed into: Fairgrounds, exhibition halls, operations buildings, horse racing track, stables, waterpark, amusement park, and paved and unpaved parking areas.

Flooding from the American River is protected by levees along the northern bank of the river. With the completion of the SAFCA improvements, these levees will provide greater than a 200-year storm event level of protection.

The project site area is also protected by levees at Arcade Creek and the Natomas East Main Drainage Canal (NEMDC). These levees are currently being investigated, and could potentially be de-accredited by FEMA if the investigations show that the levees could not be certified. Exhibit ALT-S1 shows the maximum potential flooding which might result from a levee failure at Arcade Creek or the Natomas East Main Drainage Canal (NEMDC). Flooding could fill areas behind the levees to elevation 36.0 as shown on this exhibit. SAFCA has indicated that if these levees are de-accredited an additional project would be likely to bring them back to being certified and accredited.

Flooding is known to occur in the east end of the project along Ethan Way, and to a lesser degree, in the west end of the project, near the Exposition Blvd Interchange, from local watershed drainage, and limitations in pumping capacity through the levees.

In the west end of the project, flooding is known to have occurred several feet deep at Tribute Road (west of I-80), and in areas north of Exposition Blvd, several feet deep, in the 1986 storm event, and again in 1995. In the 1995 event, flooding in the low areas of the unpaved parking areas was observed within the project. This flooding also occurred to a lesser extent in the 2005 New Years Eve storm event (as witnessed by the author). Some improvements to the pump station were installed after the 1986 event.

Exhibit DFIRM-1 shows the extent of flooding anticipated in the eastern areas of the site. Depths of this potential flooding is shown in exhibit DEPTH-1, which shows some areas as deep as 9 feet, and parking areas along Ethan way as deep as 6 feet. The extents of the 100-year floodplain cover roughly 100 acres of the site.

I.B Purpose and Objectives

The purpose of this study is to identify potential flooding sources for the project area, and to estimate project drainage alternatives which would maximize development areas and land use within the project, without adversely impacting offsite properties.

I.C FEMA Flood Zones:

The proposed FEMA DFIRM flood zones shown on exhibit DFIRM-1 are estimated to become effective in less than 12 months from the writing of this document. The establishment/revision of FEMA flood zones will force regulation of redevelopment of the project in certain ways depending on the flood zone:

ZONE AE – FEMA FLOODWAY: ZONE AE is a special flood zone, which identifies the FEMA FLOODWAY, which is the area that if filled, could result in more than a 1 foot increase in flood elevations. “Base Flood Elevations”(BFE) for the 100-year event are identified for this zone. As a result, criteria exist within the Code of Federal Regulations (44CFR65.10) which mandate how development impacts within this area are to be limited. Generally, these federal requirements mandate that no increases in flood elevation can occur for upstream properties, and no increases in downstream flow rate can occur that would worsen flood damages downstream.

ZONE A – FEMA 100-Year Floodplain identifies the limits of the 100-year floodplain. Zone A for which no BFE exists, require new studies to determine BFE prior to development and impacts/changes to these areas are regulated at the local level.

ZONE X-500 – The 500-year floodplain is drawn where detailed studies have been performed. This area is estimated to inundate in a 500-year flood. This limit is sometimes used to determine the applicability of SB5 criteria.

ZONE X PROTECTED BY A LEVEE – This area shows the limits of inundation likely from the failure of an accredited levee. In this case it is the area protected by the American River levee.

ZONE X – Areas of the map which do not have shading are still considered floodplain, but are not known to flood in events less than the 500-year. Localized flooding can still occur.

I.D SB5 and Related Legislation:

Areas which drain to the Central Valley of California, and which are protected by the State and Federal Levee system and are within a 500-year flood zone, are subject to provisions of Senate Bill 5 (SB5) and related legislation which requires that a plan of flood protection be developed which demonstrates a 200-year level of protection by 2025.

During discussions with SAFCA, they indicated that their plan for 200-year flood protection for the American River, should be sufficient to meet this criteria. They do not have an exact timeline for meeting the 200-year protection objective but indicated it would be in advance of 2025.

I.E High Ground Separator:

Between the east and west areas of the site, an existing area of high ground exists within the

project, which prevents flooding in one area from spilling into the other. Currently more than 3 feet of freeboard occurs in this high ground and it is much wider than a typical levee, and is not subject to levee requirements. This area would need to be maintained above the flood elevations in order to sufficiently demonstrate that flood waters cannot/will not overtop and pass into the other area.

Currently a berm along the north side of the project similarly keeps flood waters from entering Exposition Blvd., and being conveyed offsite into other low areas. The existing height of this berm extends well above the normal freeboard requirements.

We recommend that the high ground separation areas maintain at least elevation 39.0 in order to maintain a separation of flow area.

I.E VERTICAL DATUM NOTE:

All elevations cited in this report are NAVD 88 datum unless otherwise specified.

II. West Area of the Site:

II.A Flooding & Mitigation Estimates:

A detailed hydraulic study of this area was not obtained as part of the research for the this document, so a study of the elevations was used to estimate flood limit probability. Exhibit WEST-1 shows the estimated flood limits for areas with a “High” potential for flooding, a “Moderate” potential for flooding, and “Lower” potential for flooding. It is likely that development of these areas would need to be elevated above elevation 29+/- (dependant on results of a detailed study) in order to be safe from flooding. Filling in the low ground areas (as low as elevation 22) would reduce available flood storage within the site, which would result in flooding elsewhere in the watershed. It was estimated that the existing floodplain within the west areas of the project contains approximately 100 acre feet of storage.

The alternative solution for the WEST areas would add 100 cubic feet per second(cfs) of pumping to the existing pump station, and excavate roughly 7 acres of detention basin and channel areas. The 100-cfs pump station would reduce storage amounts by roughly 50 acre feet, leaving 50 acre feet of storage to need to continue to occur within the project. An estimated drainage facility cost for this alternative is provided in table II.A.1. Exhibit WEST-2 shows this alternative.

TABLE II.A.1 – WEST AREAS ALT. 1 COSTS

Estimated Drainage Facility Costs for West Area Alternative Drainage Plan for Added Pumping				
Description	Quantity	Unit	Unit \$	Total \$
Added Pumping	100	CFS	\$ 35,000.00	\$ 3,500,000.00
Trunk Pipe Removal	1	LS	\$ 50,000.00	\$ 50,000.00
Remaining Exc. Detention + Channel	80666.67	CY	\$ 6.00	\$ 484,000.00
Total COST =				\$ 4,034,000.00

The existing Trunk storm drain system which passes through this area of the site would need to be relocated to drain into the proposed detention basin.

The detention basin defined in these alternatives would likely have little dual use potential. It is possible that the detention basin could be designed as wetland creation and mitigation, or a portion of it could be designed for dry season parking. But due to nuisance flows in the upstream systems, a portion of the detention basin would be wet year round. The proposed channel would not have any secondary use potential that we see with this plan, other than perhaps in to be used for aesthetic and education purposes.

III. East Area of the Site:

III.A Flooding & Mitigation Estimates:

A detailed hydrologic and hydraulic study of this area was obtained from the Sacramento County for the Sump D05 pump station, Chicken Ranch Slough, and Strong Ranch Slough (Reference: “Strong and Chicken Ranch Slough Watershed Alternative Analysis”, by David Ford Consulting Engineers, Inc.). The existing D05 pump station can pump a peak rate of 1,000 cfs but is limited to that rate due to power delivery issues.

Within that study, it was recommended that 1,000 cfs of pumping be added to the existing D05 pump station, near the southwest corner of the project. For this analysis, that alternative is shown as alternative 1. The changes to the floodplain that would result are shown on exhibit EAST-1. The addition of 1000 cfs of pumping capacity, would reduce the existing 100-year peak storage volume from 514 acre feet to roughly 350 acre feet, and reduce the footprint of the 100-year floodplain as shown on exhibit EAST-1. It is not known what share of this pump station the project would need to participate in. The County of Sacramento hopes to fund a portion of the pump station through grants, and has indicated they do not have funds in their system for paying the full costs of expanding the D05 pump station. This alternative appears very expensive for very little gain for the project, however, the ultimate goal of reducing the need for floodplain storage within the project could free up more land for a higher level of use by the project. The costs for this alternative are shown in TABLE III.A.1.

TABLE III.A.1 – EAST AREA – ALTERNATIVE 1 COST

Estimated Drainage Facility Costs for East Area Alternative Drainage Plan for 1000 DO5 Pump				
Description	Quantity	Unit	Unit \$	Total \$
Added Pumping	1000	CFS	\$ 30,000.00	\$ 30,000,000.00
Remaining Exc. Detention + Channel	0	CY	\$ 6.00	\$ -
Total COST =				\$ 30,000,000.00

* Project Share of this cost is undetermined. County desires to pursue a grant to fund part of this cost.

Alternatives 2 for the east areas, assume that a pump station expansion at D05 will not occur within the immediate lifetime of this project, and therefore, the project needs to store 514 acre feet onsite in order to recover land areas for a higher use, including building construction. In alternative 2 the existing deep D05 detention basin would be connected to the proposed flooding areas by a an area left at the existing grades which could fill to a depth of 5 feet. This would allow waters to flow into the proposed flood areas onsite when the detention basin storage is exceeded. This alternative would use roughly 88 acres of the parking areas at the east end of the project to store flood waters roughly 6 feet deep. The excavation of this area would produce roughly 490,000 cubic yards (CY) of material which would be moved to the remaining floodplain areas to raise the ground elevations above the floodplain elevations(~36.0).

TABLE III.A.2 – EAST AREA – ALTERNATIVE 2 NO ADDED PUMPING

Estimated Drainage Facility Costs for East Area Alternative Drainage Plan for Detention Creation				
Description	Quantity	Unit	Unit \$	Total \$
Added Pumping	0	CFS	\$ 30,000.00	\$ -
Remaining Exc. Detention, Dirt moved to fill areas	490000	CY	\$ 4.00	\$ 1,960,000.00
Total COST =				\$ 1,960,000.00

In TABLE III.A.2 & the value of the land to be occupied by detention areas is not factored. Exhibit EAST-2 shows this layout.

Additionally, the land to be used for floodplain storage facilities would be available for multiple uses in addition to the planned floodwater storage function. Suitable extended uses for the Deep Detention areas would be:

- Unpaved Parking (non paved to permit infiltration)
- Paved Parking
- Seasonal Use such as carnival area during Fair.
- Campgrounds
- Animal Barns (will flood frequently in wet season, would need to move animals during those periods)
- Wetland Creation and Mitigation
- Agricultural, and demonstration farming
- Any other use which may be appropriate for any area which floods frequently in the wet season, but is mostly dry in the dry season.

V. Conclusions:

This Analysis demonstrates the following conclusions:

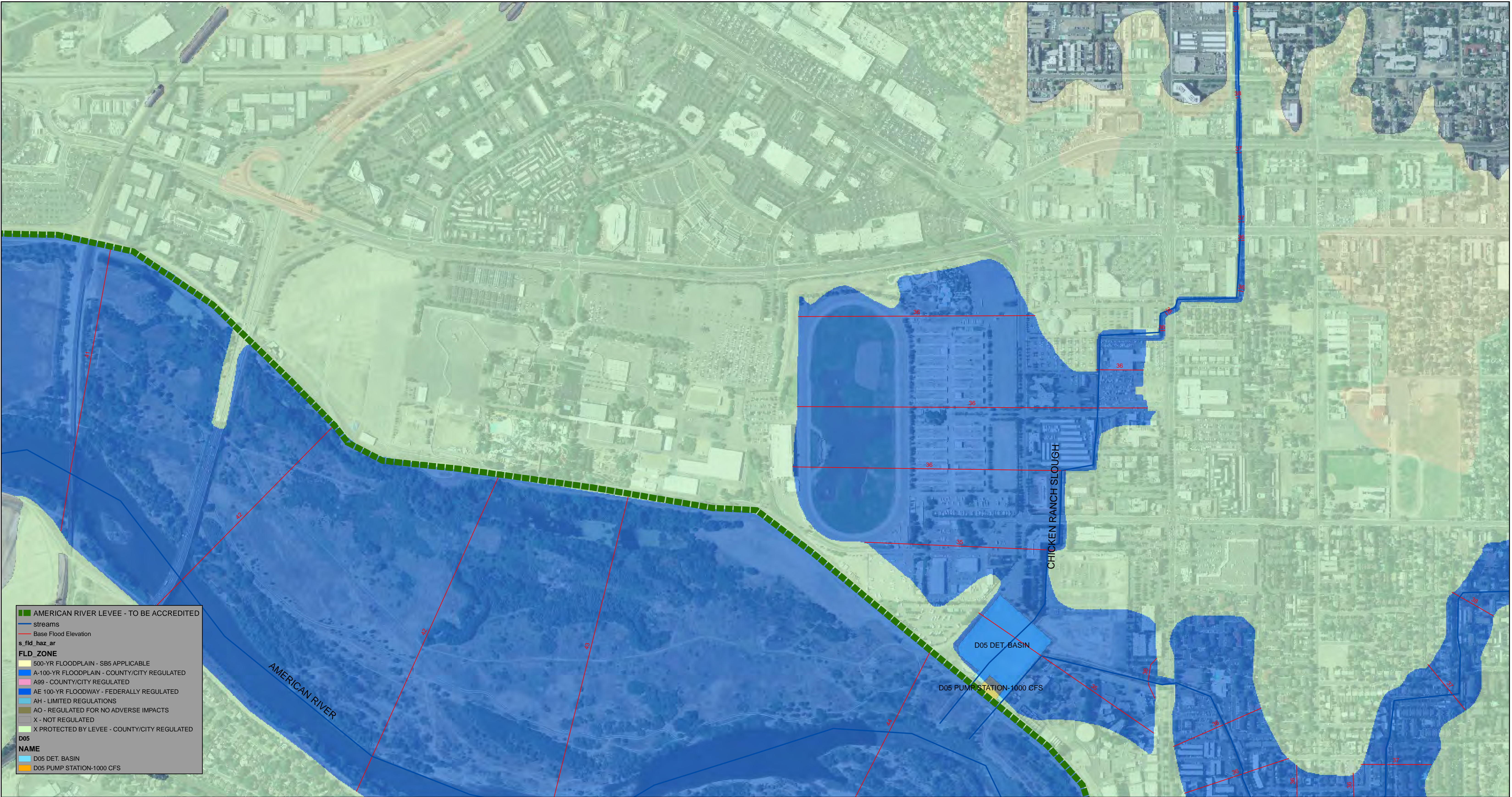
- Roughly 100 acre feet of flood storage occurs in the westerly areas of the project.
- 514 acre feet of 100-year flood storage occurs in the easterly areas of the project.
- The western areas of the project may be subject to a 100-year FEMA floodplain if it is determined that the NEMDC and/or Arcade Creek Levees cannot be accredited.
- Maintain minimum elevation 39.0 at high ground separation areas.
- The Cal EXPO Renewal project would need to mitigate existing flood storage volumes within project areas by increasing pumping rates into the American River, or by excavating detention storage areas within the site, in order to recover flood prone areas for a high end land use such as building structures.
- The land area required for detention mitigation would be extensive in the eastern areas of the site.
- Dual use for detention areas may have benefits for the project.

APPENDICES

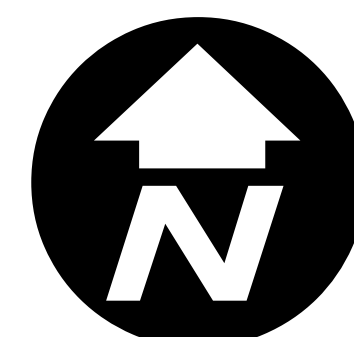
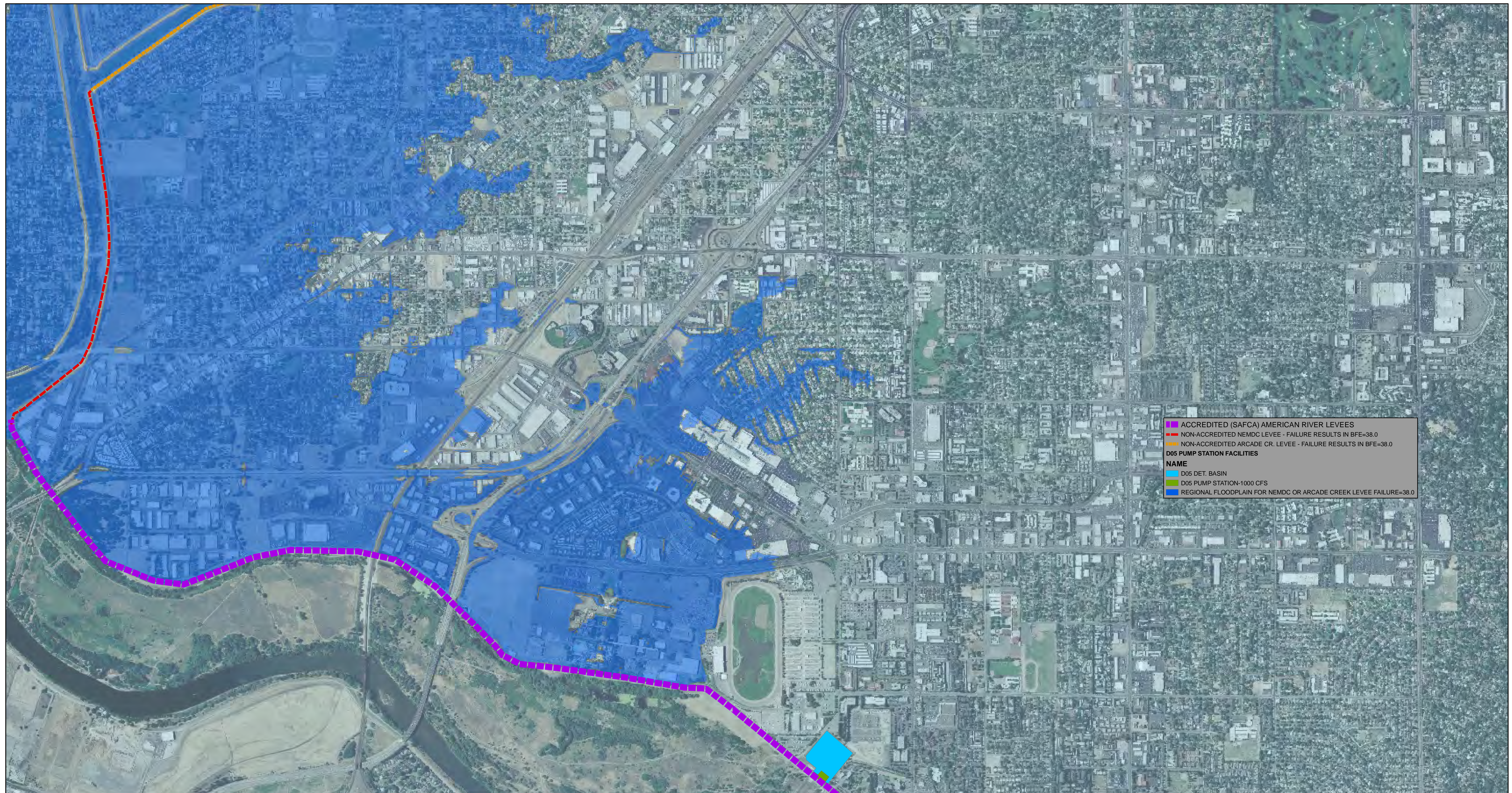
APPENDIX A

OVERSIZED EXHIBITS

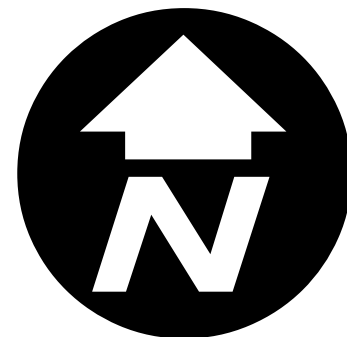
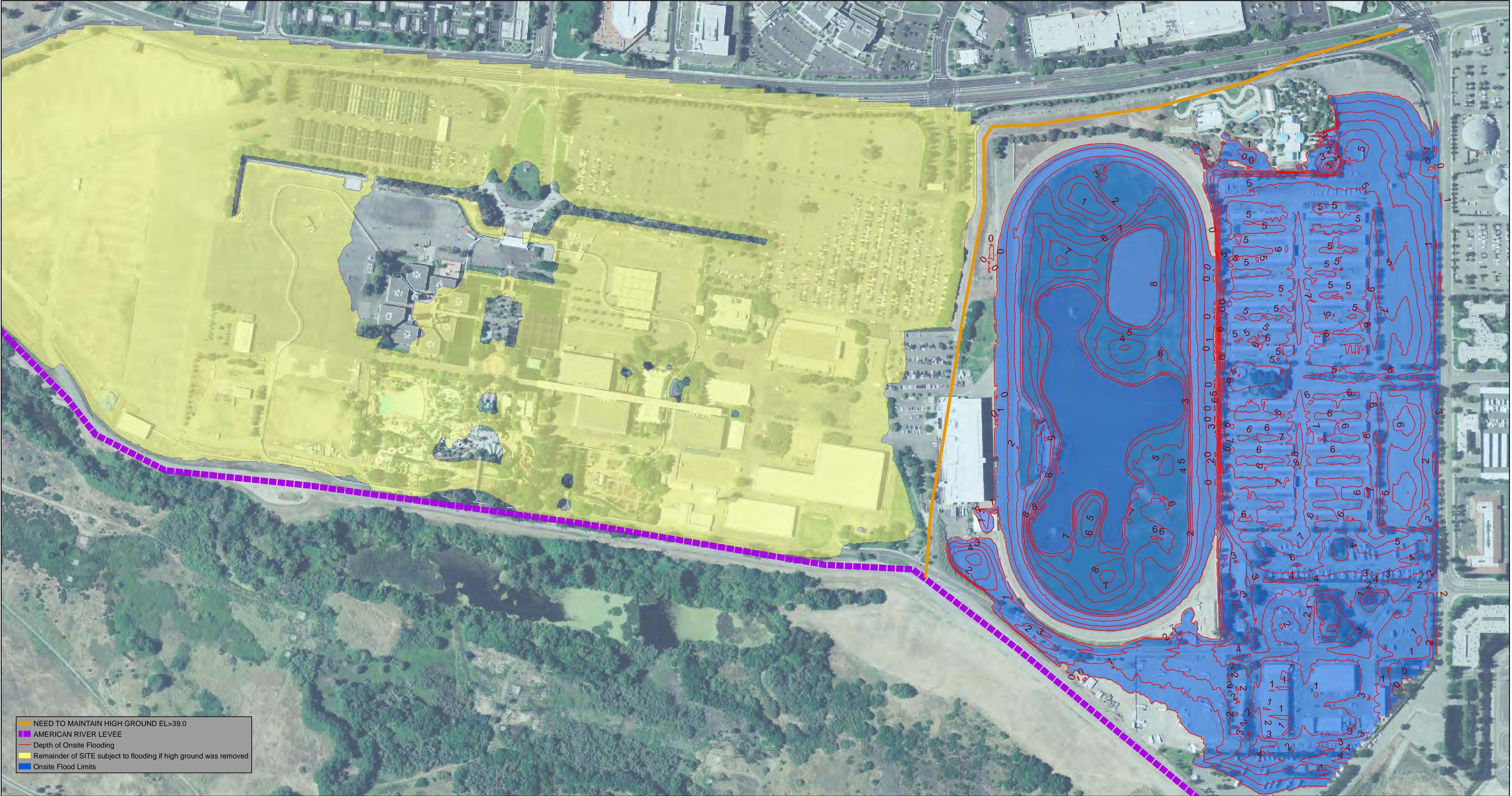
CAL EXPO RENEWAL PROJECT



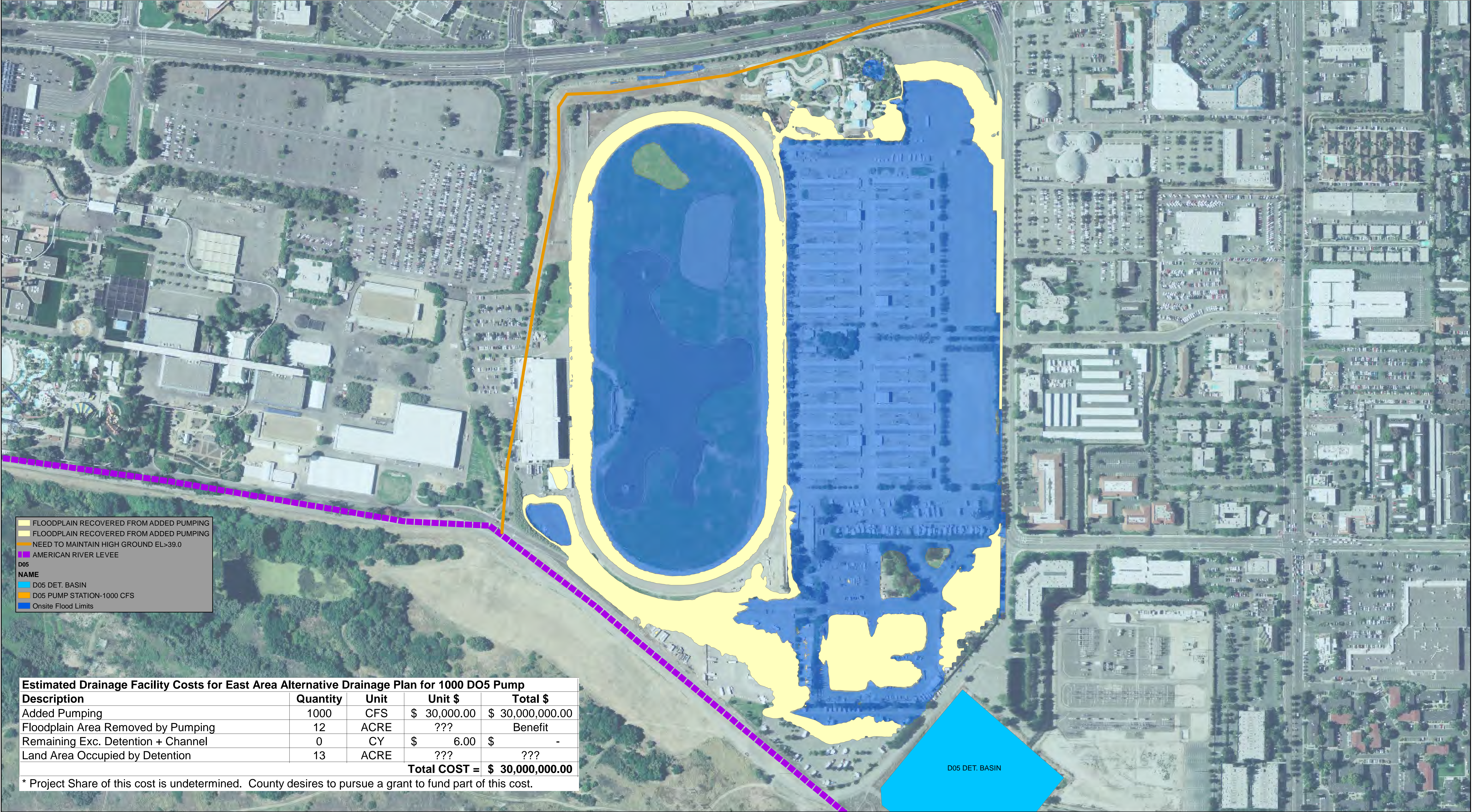
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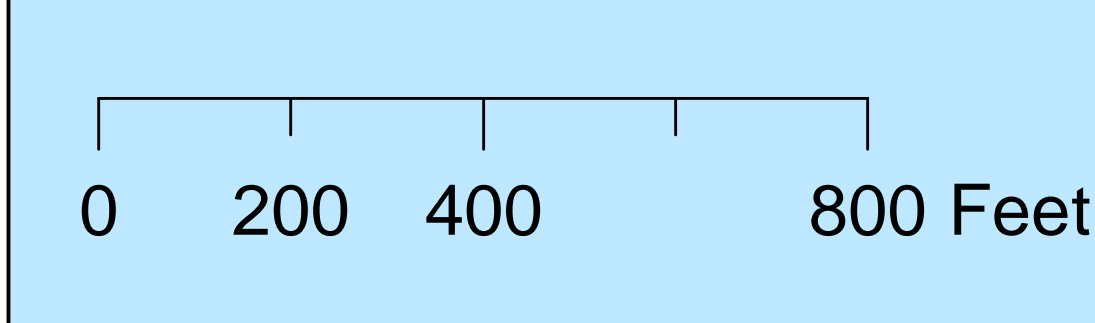
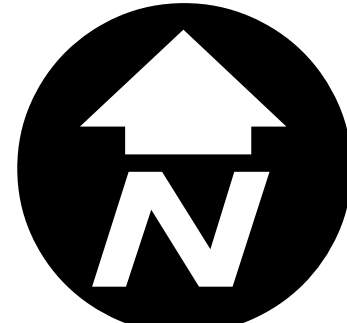
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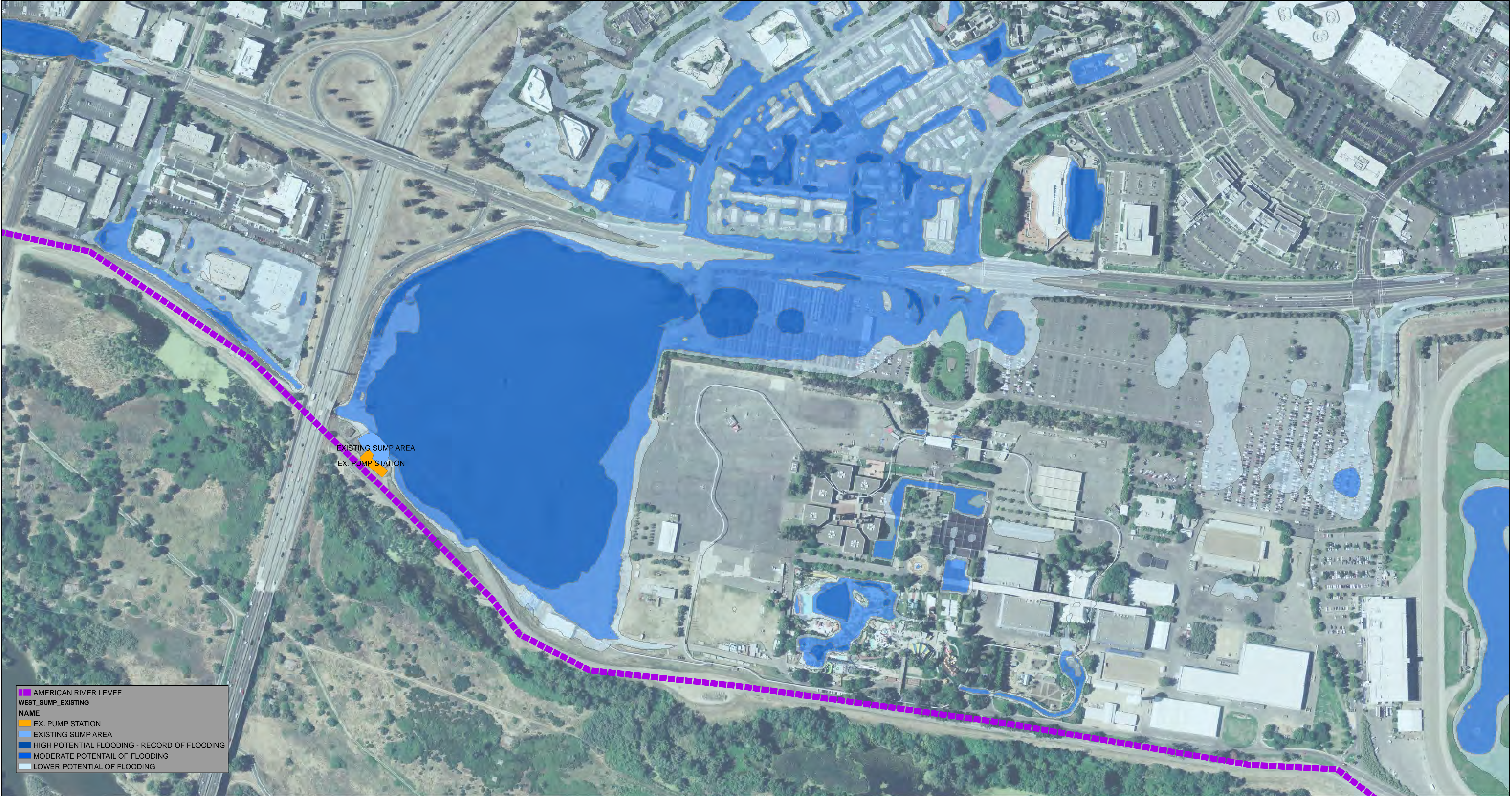
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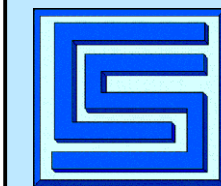


CAL EXPO RENEWAL PROJECT

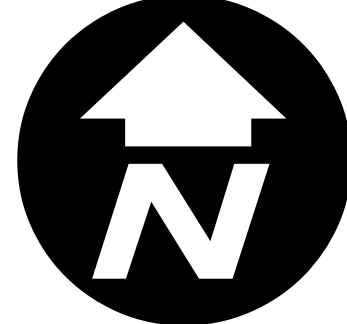


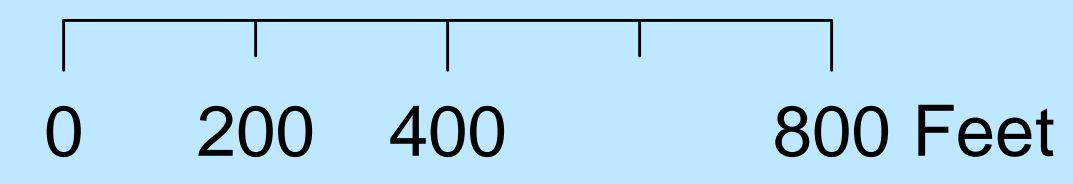
CAL EXPO RENEWAL PROJECT



**CIVIL ENGINEERING
SOLUTIONS, INC.**

**FLOODING POTENTIAL
IN WEST AREAS
(~100 ACRE FEET)**





0 200 400 800 Feet

**CAL EXPO RENEWAL PROJECT
ONSITE FLOODPLAIN POTENTIAL
WEST AREAS - AUG 2011**

WEST-1

CAL EXPO RENEWAL PROJECT



APPENDIX B

CD-ROM of Project Files